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# Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE  
(For Department Staff Only)

Issued May 27, 1955  
For actions of May 26, 1955  
84th-1st, No. 88

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HIGHLIGHTS: Senate passed bills to decrease interest to 3% on disaster loans, expand salt-water research, authorize Mexican fence, and authorize purchase of Aztec forest lands. Senate committee ordered reported mutual security bill. Sen. Humphrey urged re-evaluation of Ladejinsky case. House passed bill to authorize loans to small reclamation projects with amendment to give USDA responsibility in eastern States. House Rules Committee cleared bills to repeal REA formula and continue Mexican farm labor program. House received various supplemental appropriation estimates.

## SENATE

1. FARM LOANS. Passed without amendment S. 1755, to decrease from 5% to 3% the interest rate on USDA disaster loans (pp. 6035-7).
2. MEXICAN FENCE. Passed without amendment S. 76, which authorizes appropriation of \$3,500,000 for completion of a Mexican boundary fence by the Boundary Commission. Sen. Anderson stated that "the Department of Agriculture has now become very much interested in the passage of this proposed legislation" because of animal disease in Mexico and that "the probability is that the Department of Agriculture will assume responsibility" for the project. (p. 6054.)
3. SALT-WATER RESEARCH. Passed without amendment H. R. 2126, to continue the Interior Department program of research on making fresh water from salt water through June 30, 1963; to increase the appropriation authorization from \$2,000,000 to \$6,000,000; to increase the limitation on departmental expenses from \$500,000 to \$1,500,000; and to permit \$500,000 to be expended for research and development in Federal laboratories (pp. 6053-4).
4. FORESTRY. Passed as reported S. 55, to authorize purchase of 98,000 acres of Aztec Land and Cattle Co. lands, in Ariz., which would be administered as national forest lands. These lands have been so administered in the past, but

through court action it was determined that they belonged to the Aztec Co. The bill provides tha the National Forest Reservation Commission set the amount to be paid, not to exceed \$7,409,263. (pp. 6055-63.)

Passed as reported S. 1464, to authorize the Interior Department to acquire rights-of-way and existing connecting roads adjacent to public lands to provide timber access roads to public lands under Interior's jurisdiction (pp. 6049-50).

5. FOREIGN AID. The Foreign Relations Committee, by a 13-2 vote, ordered reported the mutual security bill, with authorization of \$3.408 billion (p. D473).

6. PERSONNEL. Sen. Humphrey commended creation of a permanent security review committee in USDA, stated that such a committee should have been established earlier, requested a re-evaluation of the Ladejinsky case by the committee, and inserted a Washington Evening Star article on this matter (pp. 6067-8).

The Post Office and Civil Service Committee reported with amendments S. 2061, a new postal pay bill (S. Rept. 382)(p. 6027).

7. STATE, JUSTICE, JUDICIARY APPROPRIATION BILL, 1956. The Appropriations Committee reported with amendments this bill, H. R. 5502 (S. Rept. 378)(p. 6027). The bill was made the unfinished business of the Senate (p. 6055).

8. RECLAMATION. Passed as reported S. 180, to authorize the Washita River Basin project, Okla. (pp. 6038-9).

Passed as reported H. R. 103, to provide for construction of distribution systems on authorized Federal reclamation projects by irrigation districts and other public agencies (p. 6049).

Sen. Neuberger spoke in favor of the Hells Canyon Dam proposal and mentioned its rural-electrification value (pp. 6029-30).

9. LEGISLATIVE PROGRAM, as announced by Sen. Johnson: Today, no legislative business; Tues., State-Justice appropriation bill and probably the mutual security bill; "early consideration" of the new postal pay bill; and probably next week, housing bill (pp. 6057-8).

#### HOUSE

10. RECLAMATION. Passed, 166 to 48, with amendments H. R. 5881, to provide for Federal cooperation in non-Federal projects and for participation by non-Federal agencies in Federal projects (pp. 6082-6108). Agreed, 85 to 23, to an amendment by Rep. Jones, Ala., authorizing the Secretary of Agriculture to administer the proposed program in the eastern States (pp. 6103-5). Also agreed to an amendment by Rep. Aspinall to provide for submission of projects to the entire Congress instead of the Interior and Insular Affairs Committees (pp. 6105-6). Rejected, 62 to 229, a motion by Rep. Hoeven to recommit the bill to limit the scope of the bill to the 17 western reclamation States (p. 6107). Previously rejected, 27 to 57, an amendment by Rep. Saylor having the same purpose as the Hoeven motion (pp. 6098-6102) and also an amendment by Rep. Saylor to extend the bill to Puerto Rico, Virgin Islands, Guam, and American Samoa (p. 6103). Rejected, 33-54, a Saylor amendment (to the Jones amendment) to include Texas as one of the western reclamation States (p. 6105).

11. FARM LABOR; ELECTRIFICATION. The House Rules Committee reported resolutions for the consideration of H. R. 3822, to provide for continuation of the Mexican farm labor program, and H. R. 5376, to amend the REA funds-distribution formula (pp. 6082, 6078-9).







# Digest of CONGRESSIONAL PROCEEDINGS

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Issued May 31, 1955

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OFFICE OF BUDGET AND FINANCE  
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HIGHLIGHTS: Senate committee reported mutual security bill. Sen. Ellender introduced bills to transfer certain real property from Virgin Islands to USDA, provide additional extension work among low-income farmers, and increase credit for low-income farmers.

### SENATE

1. FOREIGN AID. The Foreign Relations Committee reported without amendment S.2090, the mutual security bill (S. Rept. 383) (p. 6126).
2. REFUGEE RELIEF. Both Houses received the President's message recommending legislation to liberalize the refugee relief program; to Judiciary Committee (pp. 6125, 6134-5).
3. Copper. The Finance Committee ordered favorably reported H. R. 5695, to continue through June 30, 1958, the suspension of certain import taxes on copper (p. 6180).  
Sen. Williams discussed and criticized certain transactions of the Office of Defense Mobilization in the stockpiling of strategic metals, especially copper (pp. 6131-2).
4. RECESSED until Tues., May 31 (p. 6133). Legislative program as announced by Sen. Johnson: Today, State-Justice appropriation bill, to be followed by the housing bill and, if time permits, some discussion of the mutual security bill; Wed., mutual security bill, to be followed later in the week with the independent offices and HEW appropriation bills (p. 6133).

### HOUSE

5. RECLAMATION. Rep. Hosmer inserted resolutions opposing the proposed upper Colorado River project, stating it "would threaten California's rightful share of Colo. River water" (p. 6136).  
Rep. Miller, Nebr., spoke in favor of the proposed project (pp. 6136-7).



6. PROPERTY; ADMINISTRATIVE SERVICES. Received from GSA proposed legislation "to amend the Federal Property and Administrative Services Act of 1949, as amended", to Government Operations Committee (p. 6152).
7. MEAT. Rep. Morrison criticized the Hoover Commission charge that the Department of Defense had purchased excessive supplies of canned hamburger, commended this product, and inserted newspaper articles on the subject (pp. 6150-2).
8. ADJOURNED until Tues., May 31 (p. 6152). Legislative program: Tues., no legislative business scheduled; Wed. and balance of the week, general Government appropriation bill, resolution to authorize study and investigations relating to housing, and bill for the conservation, development, etc., of water resources of Alaska (p. D482).

#### BILLS INTRODUCED

9. MINERAL LANDS. S. 2096, by Sen. Watkins (for himself and Sen. Bennett), to permit the States to select mineral lands in lieu of public lands granted to them for school purposes under certain conditions; to Interior and Insular Affairs Committee (p. 6126). Remarks of author (p. 6127).
10. LANDS; VIRGIN ISLANDS. S. 2097, by Sen. Ellender, to authorize the transfer to the Department of Agriculture, for agricultural purposes, of certain real property in St. Croix, V. I.; to Agriculture and Forestry Committee (p. 6126).
11. EXTENSION WORK. S. 2098, by Sen. Ellender, to authorize additional appropriations for cooperative extension work among low-income farmers; to Agriculture and Forestry Committee (p. 6126).
12. FARM LOANS. S. 2099, by Sen. Ellender, to amend the Bankhead-Jones Farm Tenant Act to provide more adequate credit for low-income farmers, including part-time farmers; to Agriculture and Forestry Committee (p. 6126).
13. PURCHASING. S. 2100, by Sen. Thurmond, to prohibit agencies of the United States from entering into contracts under which private contractors are constituted agents of the United States to purchase property necessary to carry out such contracts; to Government Operations Committee (p. 6126). Remarks of author (pp. 6127-8).
14. WILDLIFE. S. 2101, by Sen. Humphrey, to protect and preserve the national wildlife refuges; to Interstate and Foreign Commerce Committee (p. 6126). Remarks of author (pp. 6128-9).
15. PERSONNEL. H. R. 6546, by Rep. Thompson, N. J., relating to the simplification of the General Schedule of the Classification Act of 1949, as amended; to Post Office and Civil Service Committee (p. 6153).  
H. R. 6547, by Rep. Thompson, N. J., providing for a simplified performance rating system for Federal employees; to Post Office and Civil Service Committee (p. 6153).  
H. R. 6548, by Rep. Thompson, N. J., relating to the transfer of Federal employees from the classified civil service to another personnel merit system; to Post Office and Civil Service Committee (p. 6153).  
H. R. 6549, by Rep. Thompson, N. J., to provide for improvement in the system of personnel administration through the establishment of a senior civil service; to Post Office and Civil Service Committee (p. 6153).

# THE MUTUAL SECURITY ACT OF 1955

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## REPORT OF THE COMMITTEE ON FOREIGN RELATIONS ON S. 2090



MAY 27 (legislative day May 2), 1955—Ordered to be printed with illustrations

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UNITED STATES  
GOVERNMENT PRINTING OFFICE  
WASHINGTON : 1955

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## MUTUAL SECURITY ACT OF 1955

MAY 27 (legislative day, MAY 2), 1955.—Ordered to be printed, with illustrations

Mr. GEORGE, from the Committee on Foreign Relations, submitted the following

### R E P O R T

[To accompany S. 2090]

The Committee on Foreign Relations, having had under consideration the message from the President of the United States of April 20, 1955, transmitting recommendations relative to the continuation of the mutual security program, reports an original bill, S. 2090, and recommends that it do pass.

#### I. INTRODUCTION

##### 1. MAIN PURPOSE OF THE BILL

The main purpose of the bill is to continue for another year the various programs of foreign military, economic, and technical assistance, which in their aggregate comprise the mutual security program of the United States. Total appropriations of \$3,408 million are authorized

##### 2. WHAT THE BILL DOES

The following table shows the authorizations requested by the administration and approved by the committee:

*Mutual Security Act of 1955: amounts requested by administration and approved by committee*

Sec. 2 (a). Military assistance-----	\$1, 278, 000, 000
Sec. 3. Direct forces support-----	317, 200, 000
Sec. 4. Defense support:	
Europe-----	\$70, 000, 000
Near East and Africa-----	102, 500, 000
Asia-----	827, 800, 000
Subtotal-----	1, 000, 300, 000
Sec. 6 (a) (2). Development assistance:	
Near East and Africa-----	\$73, 000, 000
Asia-----	71, 000, 000
Western Hemisphere-----	21, 000, 000
Subtotal-----	165, 000, 000
Sec. 7. Technical cooperation:	
(a) Bilateral-----	\$146, 500, 000
(b) Multilateral:	
(1) United Nations-----	24, 000, 000
(2) Organization of American States-----	1, 500, 000
Subtotal-----	172, 000, 000
Sec. 8 (a). Special fund-----	100, 000, 000
Sec. 8 (c). Joint control areas-----	21, 000, 000
Sec. 8 (d) (2). Intergovernmental Committee for European Migration-----	12, 500, 000
Sec. 8 (d) (3). U. N. Refugee Fund-----	1, 400, 000
Sec. 8 (d) (4). Escapees-----	6, 000, 000
Sec. 8 (e). United Nations International Children's Fund-----	14, 500, 000
Sec. 8 (f). Palestine refugees-----	65, 000, 000
Sec. 8 (g). North Atlantic Treaty Organization: civilian headquarters-----	3, 700, 000
Sec. 8 (h). Ocean freight:	
(1) General-----	\$2, 000, 000
(2) Surplus agricultural commodities-----	13, 000, 000
Subtotal-----	15, 000, 000
Sec. 8 (i). Control Act expenses-----	1, 175, 000
Sec. 8 (j) (2). Administration-----	35, 225, 000
Sec. 8 (k). President's Fund for Asian Economic Development-----	200, 000, 000
Total-----	3, 408, 000, 000

In addition, the bill authorizes unexpended balances of prior appropriations to be continued available except that those in excess of \$200 million which are still unobligated or unreserved as of June 30, 1955, are not authorized to be carried over. The bill also amends the Mutual Security Act of 1954 in several respects, of which the following are the most important:

1. Conditions applying to the use of funds for offshore procurement are repealed (sec. 2 (b)).

2. Authority is granted to waive certain limitations on the use of military assistance appropriations to finance sales of military equipment, with payment to be made over 10 years (sec. 2 (b)).

3. Restrictions are lifted on deliveries of military assistance to nations not ratifying the European Defense Community Treaty. Instead, the bill states the belief of Congress that the act should be so administered as to support "concrete measures to promote greater political federation, military integration, and economic unification in Europe" (sec. 2 (c)).

4. The deadline for the transfer of certain military equipment to Japan is extended from June 30, 1955, to June 30, 1956, (sec. 2 (f)).



5. The specific requirement that at least 30 percent of development assistance be in the form of loans is repealed (sec. 6 (a) (1)).

6. Authority is granted to make contracts of up to 3 years for furnishing development assistance (sec. 6 (b)).

7. Funds earmarked for surplus agricultural commodities are increased from \$350 million for fiscal 1955 to \$600 million for the 2-year period 1955-56 (sec. 8 (b)).

8. Authority is granted for foreign currencies received in payment for sales of commodities or services to be used for the purposes for which the funds providing the commodities or services were appropriated (sec. 9 (d) (2)).

9. Ocean transportation between foreign countries of goods procured with foreign currencies is exempt from the requirement that 50 percent be carried in American ships (sec. 9 (e)).

### 3. COMMITTEE ACTION

The President submitted the mutual security program for fiscal 1956 to the Congress in a message of April 20, 1955 (H. Doc. 144).

The committee began its consideration of the program by hearing public testimony on the broad policy aspects from Secretary of State John Foster Dulles on May 5, Foreign Operations Administrator Harold E. Stassen on May 6, Chairman of the Joint Chiefs of Staff Admiral Arthur W. Radford and Assistant Secretary of Defense H. Struve Hensel on May 9.

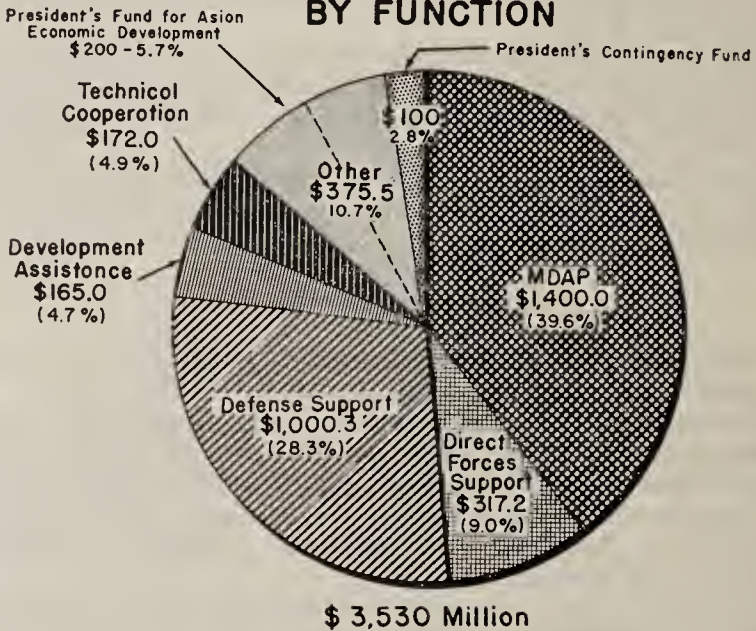
Between May 10 and 16, the committee had six executive sessions to hear the detailed justification from Mr. Stassen, Mr. Hensel, William J. Sebald, Deputy Assistant Secretary of State for the Far East; Dr. Raymond T. Moyer, FOA Regional Director for Far Eastern Affairs; George V. Allen, Assistant Secretary of State for the Near East, Africa and South Asian Affairs; Cedric H. Seager, FOA Regional Director for the Near East, Africa and South Asia; C. Burke Elbrick, Deputy Assistant Secretary of State for Europe; Stuart H. Van Dyke, FOA Acting Regional Director for Europe; Marion N. Hardesty, FOA Acting Regional Director for Latin America; Edward J. Sparks, Deputy Assistant Secretary of State for Inter-American Affairs; David W. Wainhouse, Deputy Assistant Secretary for International Organization Affairs; Preston Hotchkis, United States Representative to the United Nations Economic and Social Council; Norman S. Paul, FOA Deputy Director for Congressional Relations; Frederick E. Nolting, Special Assistant to the Secretary of State for Mutual Security Affairs; and Christian Herter, Jr., General Counsel, FOA.

Nonadministration witnesses were heard in public session May 10, 19, and 23. Among them were Representative Adam C. Powell, Jr., of New York, Chester Bowles, former Ambassador to India, and representatives of Americans for Democratic Action, American Farm Bureau Federation, Citizens Committee for UNICEF, National Congress of Parents and Teachers, American Parents Committee, AMVETS, American Veterans Committee, Coal Exporters Association of the United States, American Friends Service Committee, Cooperative League of the U. S. A., National Council of the Churches of Christ, Association of Marine Underwriters of the United States, American Association for the United Nations, Order of AHEPA, and National Farmers Union.

# THE PROGRAM FOR FY 1956

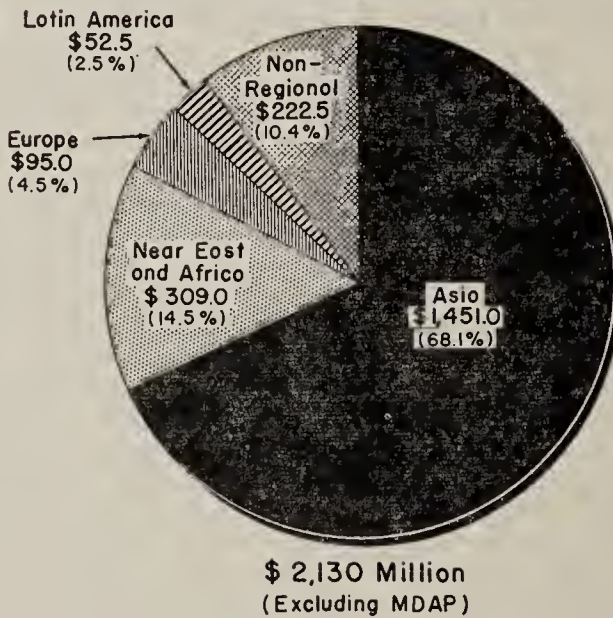
( \$ Millions )

## BY FUNCTION



## BY AREA

( Excluding MDAP )



These hearings, including those in executive session which have been edited to delete security information, are printed and available to the Senate.

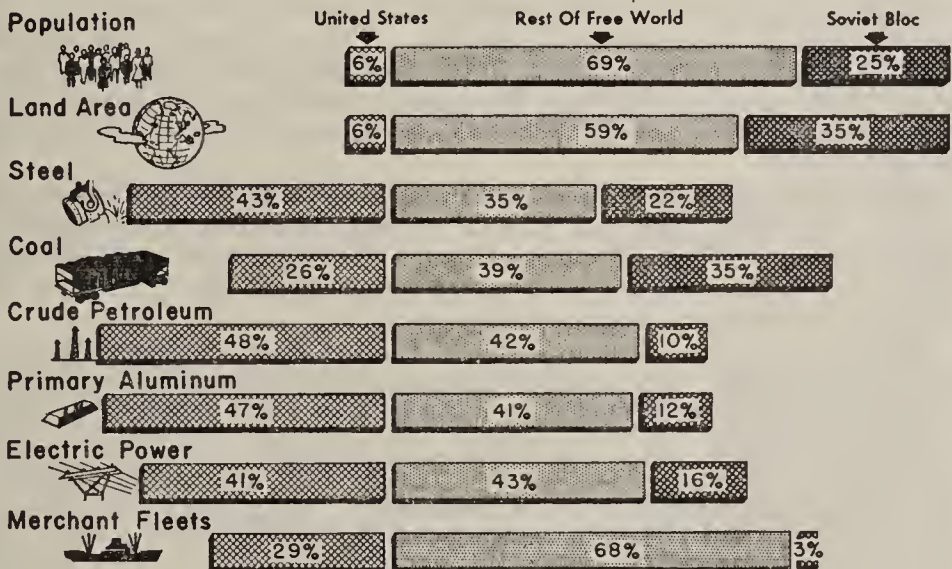
The committee further considered the bill in executive session May 20, and May 26, on which date the committee ordered the bill favorably reported by a vote of 13 to 2.

#### 4. ROLE OF THE MUTUAL SECURITY PROGRAM IN AMERICAN FOREIGN POLICY

The necessity for the mutual security program becomes fully apparent only when that program is viewed in the broader context of United States foreign policy as related to existing world conditions.

The validity of the principle of collective security has become so well established that it hardly needs to be argued. The mutual security program is one, but only one, of the important instruments through which the United States seeks to give effect to this principle. It is intimately related to other elements of United States foreign policy such as participation in the work of the United Nations and its specialized agencies, the series of regional defense alliances to which we are signatory, the work of the United States Information Agency, the reciprocal-trade program, the lending policies of the Export-Import Bank, and the promotion of private foreign investment. All of these various policies together provide an integrated approach to the basic objectives of security and prosperity. If any one element is missing, the other elements become less effective.

### COMBINED STRENGTH OF THE FREE WORLD IS THE KEY TO PEACE





The basic conditions which these policies are designed to meet are military and economic weakness in various friendly countries. These conditions are dangerous to the United States not only because they invite Communist aggression on the one hand and Communist subversion on the other, but also because chronic poverty in most of the world is a threat to economic growth in the United States.

Insofar as the Communist threat is military in character, there is ground for satisfaction, though not complacency, with the progress that has been made. The Soviet bloc continues to build up its military strength, but there is recent evidence to suggest that the Soviets are now putting even greater stress on the political and economic aspects of their activities.

This may be due in part to the success of the free world's efforts to counter overt aggression, so that the Soviets, finding the price of military action too high, are turning to the techniques of economic and political infiltration and subversion.

In these circumstances, it would be equally unwise for the United States either to relax its military efforts—which are now beginning to show results—or to fail to take account of the new Soviet tactics.

The program for fiscal 1956 puts greater emphasis on economic development of Asia. This emphasis is given added urgency by the Soviet threat, but the activities envisaged can be amply justified without reference to communism.

The increasing imbalance in world economic conditions is in itself disadvantageous to the United States. This imbalance results from the fact that the American economy is growing at a rate faster than that of most of the rest of the world. This growth cannot be sustained in isolation. The American economy is too dependent upon the rest of the world, both as a market and as a source of raw materials, to continue to expand at a rate far in excess of that of half the world.

The problem, of course, is not to slow down the rate of American economic growth, but to help speed up the rate of that portion of the world which is most seriously lagging. This problem is formidable, but it should not be overstated. The annual investments required are much lower than in the case of economic assistance to Europe, but it might as well be recognized that the process will extend over a longer period of time.

Our assistance of this character must always be held in reasonable bounds. It must take into careful consideration our own economic situation and our ability to furnish such aid consistent with the well-being and welfare of our own people, as well as the ability of the recipient countries to make proper use of it.

Since the United States embarked on major foreign assistance programs in 1948, the emphasis has shifted from economic assistance to Europe, to military assistance to Europe, and then to military assistance to Asia. It is now shifting to economic assistance to Asia.

The positive results of these past programs are impressive. Western Europe has been rehabilitated economically. It has been strengthened militarily. Communist aggression has been checked in the Far East, and the basis for the further generation of military strength in that area has been laid. There is every reason to expect that the Asian economic phase of the program will be as successful and as beneficial to the United States as the preceding phases. The American people can well be proud of the determination with which they have followed

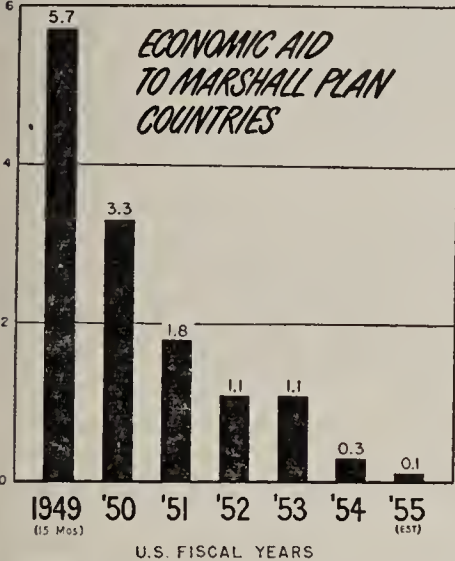


their enlightened self-interest since World War II. The results now provide convincing refutation of criticisms that the program was a giveaway, a pouring of American wealth down foreign ratholes.

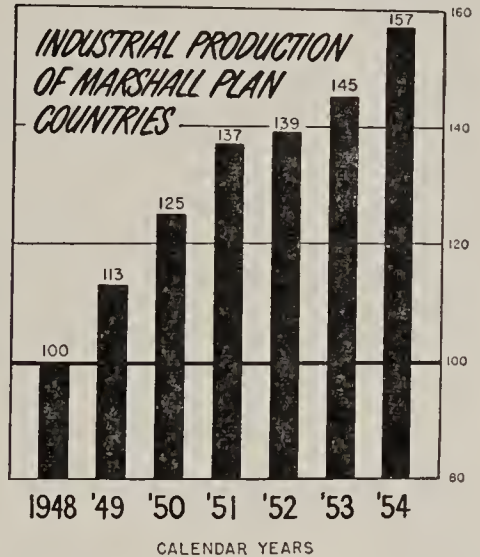
These results, in fact, are the strongest argument for vigorous continuation of the program. It is certainly unwise to abandon a policy that is paying dividends.

## MARSHALL PLAN RESULT IN EUROPE

Billions of Dollars



Index: 1948 = 100



Note: Aid figures are allotments to European countries, excluding Yugoslavia, Spain and W. Berlin.

## II. ASIA

Of the \$2,130 million authorized by the bill for programs other than military assistance, \$1,451 million, or 68 percent, is for Asia. This amount consists of:

Direct forces support (sec. 3)	-----	Thousands
Defense support (sec. 4)	-----	\$285,700
Development assistance (sec. 6 (a) (2))	-----	827,800
Technical cooperation (sec. 7 (a))	-----	71,000
President's Fund for Asian Economic Development (sec. 8 (k))	-----	66,500
Total	-----	200,000
		1,451,000

As used here, "Asia" means the territory from Afghanistan on the west eastward across South Asia to Vietnam and Indonesia and northward to Japan and Korea. It has a population of approximately 771 million—about one-third of the people in the world—and an average per capita gross national product of \$105, compared to \$148 in the Near East and Africa, \$300 in Latin America, and \$2,200 in the United States. It also has some of the world's greatest natural resources, particularly such strategic items as tin, rubber, oil, and manganese. It is the source of 32 percent of United States supplies of chromite, 37 percent of United States supplies of manganese ore, 69 percent of United States tin, and 22 percent of tungsten. It has the world's longest common boundary with the Soviet Union and Com-

munist China, and it is currently the primary target of Communist infiltration, subversion, and military pressure.

Of the 15 states in the area, only Afghanistan, Nepal, Thailand, and Japan were independent before World War II. Nationalism is the dominant political force, and an urge for development is the dominant economic force.

Given the characteristics of the area—poverty, political inexperience, and military weakness which is underlined because of the nearness of Communist power—the surprising thing is not that the area is in difficulty but that it is not in a state of chaos. Encouragingly, however, a firm base has been laid for future progress. The Southeast Asia Collective Defense Treaty is the most recent and the most far-reaching of a number of security treaties to which the United States is a party in the area. The countries of the area took a firm anti-Communist stand at the Bandung Conference. Many of them are pressing ahead vigorously with well-thought-out plans for economic development.

In the judgment of the committee, it is vital to the interests of the United States that these economic development plans be made to work and that the area be given such other outside assistance as necessary to help provide for its defense. The various programs of assistance outlined below have been designed to meet different needs in different countries, but they all have one or both of these objectives.

#### 5. DIRECT FORCES SUPPORT (SEC. 3)

The \$285,700,000 proposed for direct forces support in Asia will be distributed as follows:

Pakistan.....	\$20, 000, 000	Cambodia, Laos, and Viet-	
Formosa.....	37, 000, 000	nam.....	\$38, 200, 000
Korea.....	180, 000, 000		
Philippines.....	2, 300, 000	Total.....	285, 700, 000
Thailand.....	8, 200, 000		

This assistance will be administered by the Department of Defense and will be given directly to the military forces of the countries concerned. It consists of civilian-type items used by military establishments—for example, clothing, food, petroleum. Almost two-thirds of the total will go to Korea, a country with an army of 21 divisions and an economy which is not only still suffering the damage of war but which is handicapped by the arbitrary division of the country. It is patently in the interests of the United States for the Korean Army to be maintained and just as patently impossible for the Koreans to do so without substantial external assistance. The expenditure here proposed for direct forces support amounts to less than \$10 million per Korean division, which is cheap compared to the \$98,185,000 cost of maintaining one United States division overseas for 1 year. Of the remaining funds for direct forces support in Asia, almost three-fourths will go to Formosa, Vietnam, Laos, and Cambodia, countries in which the need is as great and the situation as critical as in Korea.

The bulk of the remaining funds for direct forces support in Asia will go to Pakistan, with smaller amounts for Thailand and the Philippines. Pakistan occupies a key position in the global security network of the free world. It is not only a party to the Southeast Asia Collective Defense Treaty but is also indirectly linked to NATO through a cooperative arrangement with Turkey.

Thailand and the Philippines likewise occupy crucial positions and are prominent members of the Southeast Asia Collective Defense Treaty.

#### 6. DEFENSE SUPPORT (SEC. 4)

The biggest single item in the Asian program is defense support, totaling \$827,800,000 and distributed as follows:

Pakistan-----	\$63, 000, 000	Cambodia, Laos, and Viet-	
Formosa-----	62, 000, 000	nam-----	\$379, 300, 000
Korea-----	272, 000, 000		
Philippines-----	19, 700, 000	Total-----	827, 800, 000
Thailand-----	31, 800, 000		

The purpose of defense support is to make it economically possible for countries receiving military assistance to maintain larger military establishments than would otherwise be the case. It differs from economic assistance not so much in form as in purpose.

More than three-fourths of the total proposed for defense support for Asia is for Cambodia, Laos, and Vietnam and for Korea. In Cambodia, Laos, and Vietnam, about two-thirds of the defense support funds will be used to help defray the internal expenses of the armed forces. In Korea, approximately the same proportion will be used to finance imports of industrial raw materials and consumer goods. The local currency accruing from the sale of these items will be used to support the Korean Government's budget. Imports estimated to be financed through Korean defense support or direct forces support funds include raw cotton, \$40 million; fertilizer, \$61 million; petroleum, \$47.2 million; coal, \$34.8 million; machinery and vehicles, \$52 million; and clothing, \$85.2 million.

In Pakistan and the Philippines, the defense support program will be aimed primarily at economic development, which is the only long-range solution to either the military or economic problems of those countries. In Pakistan, the Government has drawn up a new long-term development plan with the help of the Ford Foundation. In the Philippines, sufficient progress has been made in overcoming social unrest and political instability to turn attention to more fundamental projects for development.

In Formosa and Thailand, the emphasis will be more on maintaining economic stability through financing the import of salable commodities to generate counterpart for armed forces budgetary support.

#### 7. DEVELOPMENT ASSISTANCE (SEC. 6 (a) (2))

The development assistance component of the Asian aid program amounts to \$71 million, of which \$70 million is for India and \$1 million for Nepal.

India has almost half the population of non-Communist Asia, one of the lowest per capita incomes in the world (\$56 a year), a literacy rate of 20 percent, and a life expectancy of 32 years. It is resolutely embarked on one of the most important experiments in history to make self-government work and to bring about economic development in the context of a free society.

It is a tribute to the steadfast purpose of the Indian people and to their deep attachment to democratic processes that this experiment is succeeding despite the appalling difficulties. Economically, indus-



trial production has increased by one-third since 1948, and agricultural production is 16 percent above the prewar average. Politically, the Communist Party continues to make little headway. It received a surprisingly small percentage of the vote in the recent elections in the state of Andhra.

The Indian 5-year development plan is now entering its last year. The progress which has been made so far has been only by dint of the most resolute efforts. There will be general elections in 1956, and it is important that the rate of progress in the first 4 years of the plan be maintained, not only for the sake of India alone but also for the sake of the other free nations of Asia who are comparing the progress made by India in a free economy with that made by China in a totalitarian economy.

The development assistance recommended for India in this bill has been thought out with great care and ties in with India's 5-year plan which is itself extremely well prepared. The bulk of the expenditures called for by this plan are financed from India's own resources. American assistance is a small, but crucial, fraction of the total. The biggest item of American aid will be \$30 million in surplus agricultural commodities, the local currency proceeds from which will be used for local costs of irrigation, flood control, and power projects. Other assistance will consist of:

	<i>Million</i>
Fertilizer .....	\$4
Deep irrigation wells .....	4
River valley development to assist in the further expansion of irrigation ..	2
Construction of electric power facilities .....	5
Steel .....	15
Transportation, principally rehabilitation of Indian railways .....	6
Malaria control .....	4

The committee is aware that from time to time demands are heard in the United States that assistance to India should be stopped in view of India's foreign policy of attempting to steer a middle course between the United States and the Soviet Union. The committee feels that such action on the part of the United States would be a mistake. India is a free, sovereign nation which, in its domestic policy, follows a firm anti-Communist line. Its foreign policy is one which seems to India best-designed to protect and promote India's interests. Despite their differing policies toward the Soviet Union, the United States and India share a common devotion to free representative forms of government. A strong free India is an immeasurable influence for a strong free Asia. Certainly, it is far preferable for India to be neutral than to become a member of the Soviet bloc. The committee recommends approval of the full amount requested for India, which is approximately the same as last year, and which will be used to a considerable extent in the form of loans.

The \$1 million development assistance program proposed for Nepal this year is intended to supplement a technical cooperation program and to begin meeting the needs for better transportation and communication facilities and for development of isolated areas.

## 8. TECHNICAL COOPERATION (SEC. 7 (a))

The technical cooperation program proposed for Asia amounts to \$66,500,000, distributed as follows:

	Millions		Millions
Afghanistan.....	\$2. 0	Korea.....	\$8. 0
India.....	15. 0	Philippines.....	6. 5
Nepal.....	1. 0	Thailand.....	5. 5
Pakistan.....	9. 0	Cambodia, Laos, Vietnam.....	7. 5
Formosa.....	3. 0		
Indonesia.....	8. 0	Total.....	66. 5
Japan.....	1. 0		

This money will be used mainly for the continuation of programs already underway. By major field of activity, it is divided as follows:

	Thousands		Thousands
Agriculture and natural resources.....	\$18, 672	Public administration.....	\$7, 695
Industry and mining.....	8, 904	Community development, social welfare, and housing....	3, 973
Transportation.....	1, 540	General and miscellaneous....	2, 080
Labor.....	1, 410	Other costs.....	360
Health and sanitation.....	9, 196		
Education.....	12, 670	Total.....	66, 500

Of the total, \$26,408,000, or more than one-third, will be used for supplies and equipment. This relatively high proportion is explained by the almost total lack in some countries of local supplies and equipment and of local resources with which to procure supplies and equipment.

Technical cooperation in Asia in the current fiscal year amounts to \$45.5 million. The \$66.5 million authorized by the bill would thus mean an increase of \$21 million. This is largely accounted for by new programs of \$8 million in Korea and \$7.5 million in Cambodia, Laos, and Vietnam. In previous years technical cooperation type activities in these countries have been financed out of other funds. Attention should also be called to the inclusion of \$1 million in the fiscal 1956 program to finance a productivity center in Japan.

Aside from these new programs, which seem to the committee to be justified, the increase for all the rest of Asia is only \$5 million, which the committee feels is reasonable.

## 9. PRESIDENT'S FUND FOR ASIAN ECONOMIC DEVELOPMENT (SEC. 8 (k))

A new element is added to the mutual security program this year in the form of a special fund of \$200 million for the President, to be available for obligation until June 30, 1958, and to be used primarily for projects contributing to economic development of the Asian region as a whole.

There is a great need for capital investment throughout non-Communist Asia, but the area is relatively poor and finds it very difficult either to attract outside private capital or to amortize bankable loans in sufficient volume. Nor can it generate enough capital internally. The level of economic activity does not provide a large enough margin beyond immediate subsistence requirements, and the institutions for pooling what local capital does accumulate are either nonexistent or poorly developed.

For the same reasons, all stemming from basic poverty, the area's capacity to absorb capital is limited. Large investments would have disrupting inflationary effects.

The committee particularly calls attention, however, to limitations which it wrote into the section authorizing the fund. These limitations are that not less than 50 percent of the appropriations made to the fund shall be available only for furnishing assistance on a loan basis, and that not more than 25 percent of the funds may be allocated for assistance to any one nation.

The bill also amends section 534 of the Mutual Security Act of 1954 to extend to the Asian development fund the requirements of that section for the President to report semiannually to Congress detailed information on the use of the fund. The committee expects that these reports will not only contain precise specific information on past expenditures and obligations, but also, to the extent that the national interest permits, plans and projections for future obligation and expenditure.

The bill also provides that—

the President shall give preference to projects or programs that will clearly contribute to promoting greater economic strength in the area as a whole or among a group or groups of countries of the area.

It is the hope of the committee that through the wise use of this fund, the President can take advantage of opportunities to stimulate economic activity on a regional basis and that the results of the projects for which the fund is used will be cumulative and will themselves lead to other investment and further development. It should be noted, however, that the fund will be administered on a bilateral basis and that the United States will retain full control over its uses.

Among examples of projects for which the fund might be used are regional development of water and mineral resources, transportation and communications projects, and regional training centers.

This broad authorization of \$200 million to the President for these purposes should be viewed in the context of other United States aid programs in Asia in recent years. Last year, for example, Congress authorized \$700 million—3½ times as much—to be used under very broad authority to accomplish the policies and purposes of the Mutual Security Act in southeast Asia and the Western Pacific. And previously, over a period of 5 years, Congress authorized a total of more than \$2.5 billion for the President to use in his discretion “in the general area of China.”

It seems to the committee that an investment of \$200 million in the President's discretion for purposes of peaceful economic development in Asia is at least as justified and worthwhile as the earlier investment of much larger sums in the President's discretion for purposes of military assistance and direct forces support.

In point of fact, the President's discretionary power under this bill, though undeniably great, is less than it was under the Mutual Security Act of 1954. The \$700 million fund authorized by that act for southeast Asia and the Western Pacific has already been noted. In other respects, the authority given the President under this bill and under the 1954 act is substantially the same. His authority to transfer funds from one section to another is unchanged, and his authority for special use of \$150 million under section 401 is also unchanged in total.



## III. MILITARY ASSISTANCE (SEC. 2)

## 10. AUTHORIZATION (SEC. 2 (a))

The bill authorizes the appropriation of \$1,278 million for military assistance to remain available until expended. Previous authorizations for this purpose have been on a 1-year basis. The change this year is a result of the action of Congress last year in the Mutual Security Appropriation Act, 1955, consolidating procurement for the military assistance program and for the United States armed services. Under this new accounting procedure, mutual security funds are reserved against orders placed with the Army, Navy, and Air Force. The services procure the equipment with their own funds and are then reimbursed out of mutual security appropriations. Since the service appropriations are on a non-year basis, it seems desirable that mutual security appropriations should be on the same basis.

The authorization of \$1,278 million recommended in this bill is slightly more than the amount (\$1,092.7 million) appropriated for the current year. It is, however, largely composed of items of current expense, and will result in reducing the forward programing of military assistance almost to a standby basis. The bulk of the money will go for maintenance and spare parts for equipment already supplied, for training (including training ammunition), and for a relatively modest sum to meet unforeseen contingencies. New end-item equipment is included in the 1956 program for only a few countries. The authorization also includes funds for continuing mutual weapons development and foreign military facilities assistance. In addition to the funds here authorized, the executive branch will request an appropriation of \$122 million for NATO infrastructure which is already authorized by section 104 of the Mutual Security Act of 1954.

The composition of the 1956 program is the result of a searching reappraisal of the military assistance program which has been underway in the Department of Defense since the summer of 1954. This reappraisal, which is intended to result in a global international security plan, will probably not be complete until the fall of 1955. Its object is to make the military assistance program consistent with the long-term concept that has earlier been adopted with regard to the military forces of the United States as well as those of NATO.

The first stage of the military assistance program will be completed when the equipment now contracted for is delivered in fiscal 1956 and 1957 and is paid for out of appropriations for prior years. This is the stage of the rapid buildup. In the meantime, with the appropriations authorized in the pending bill, the equipment already supplied can be maintained, spare parts can be provided, training can be carried forward, and administrative expenses can be paid.

This program is, as Admiral Radford put it, "part and parcel of the United States Defense Department program." If military assistance were ended—again quoting Admiral Radford—"the requirements of our own [defense] program would be much larger."

It is not feasible to attempt to anticipate the results of the current reappraisal or the content of the Defense Department's international security plan now under preparation. It is even less feasible to attempt to anticipate the course of world events over the next 6 or 12 months. At this juncture, however, it would seem unrealistic to

expect that the military assistance program can be reduced appreciably below its present level in the immediate future. In this connection, it should be noted that the proposed 1956 program does not meet present needs; all but the most immediate and essential of those needs have been deferred to 1957 or later.

The committee particularly calls attention to the large component of the fiscal 1956 program allocated to maintenance and spare parts. This implies a continuing program of considerable magnitude, even if all new end-item assistance were stopped. It means that in many countries, the United States has not only supplied the original equipment but is also undertaking to maintain and repair it. This is largely the result of the shift in program emphasis a few years ago from the industrialized countries of Europe to the less developed countries of Asia. It is unrealistic to expect spare parts for complicated electronics equipment to be produced on Formosa. If it is in the interest of the United States to supply such equipment in the first place—which it is—then it is equally in the interest of the United States to take the necessary steps to protect its original investment by providing necessary maintenance and spare parts.

The committee urges the Department of Defense, however, to take more vigorous and imaginative steps to reduce this continuing burden on the United States as much as possible through seeking to bring into being indigenous maintenance capabilities. The foreign military facilities assistance program is particularly important in this respect. Under this program, the United States provides some of the equipment and technical knowledge needed to establish or expand military production capacity in friendly foreign countries. This and the offshore procurement program are two of a variety of means that should be pursued in an effort to make our allies more nearly capable of meeting their own needs for replacement of military equipment.

#### 11. OFFSHORE PROCUREMENT (SEC. 2 (b))

The bill repeals section 103 (c) of the Mutual Security Act of 1954, setting forth the criteria for offshore procurement with military assistance funds. The section which it is proposed to repeal provides that military assistance funds—

may be used for the procurement of equipment or materials outside the United States unless the President determines that such procurement will result in one or more of the following conditions:

- (1) Adverse effects upon the economy of the United States, with special reference to any areas of labor surplus, or upon the industrial mobilization base, which outweigh the strategic and logistic advantages to the United States of procurement abroad;
- (2) Production of such equipment or materials outside the United States under inadequate safeguards against sabotage or the release to potential enemies of information detrimental to the security of the United States;
- (3) Unjustifiable cost in comparison with procurement in the United States, taking into account transportation costs for delivery overseas; and
- (4) Delays in delivery incompatible with United States defense objectives.

The effect of repealing this section will be to allow military assistance funds to be used for offshore procurement without meeting the specific criteria set forth in the section. Testimony received by the committee indicated that these criteria had brought the offshore procurement program to a virtual standstill. The committee believes it is reasonable to expect that the President will not use offshore procurement in a way adverse to United States interests even if he is not legally



committed to make the findings specified in the section to be repealed. On the other hand, the committee believes that more flexibility in the offshore procurement program is desirable. Offshore procurement can play an important role in at least partially meeting the problem of maintenance and spare parts for equipment originating in the United States. It might be economically sound, for example, to pay a higher price for an item procured offshore if thereby production facilities are established which will enable the country concerned subsequently to supply its own needs, or the needs of nearby countries in the same area.

The committee points out that section 510 of the Mutual Security Act of 1954, relating to use of defense support and development assistance funds for offshore procurement, is not changed in any way by the pending bill.

#### 12. CREDIT TERMS FOR MILITARY ASSISTANCE (SEC. 2 (b))

The bill adds a new subsection to the Mutual Security Act of 1954 to provide an additional method of furnishing military assistance on terms of repayment. This may now be done in either of two ways:

1. On a loan basis under the terms of section 102 if the requirements of sections 105, 141, and 142 are met. These requirements have to do with conditions applicable to military assistance, conditions of eligibility for assistance, and agreements which must be made prior to receiving assistance. Loans under section 102 are financed out of military assistance appropriations.

2. On a sales basis under the terms of section 106, on terms of repayment up to 3 years, and without regard to the requirements of sections 105, 141, and 142. Sales under section 106 are financed out of Defense Department appropriations.

The present bill, in section 2 (b), would authorize the furnishing of military assistance on terms of repayment up to 10 years, and without regard to sections 105, 141, and 142. Military assistance appropriations would be used to finance these transactions, and repayments would go into the Treasury as miscellaneous receipts.

The committee does not anticipate a large volume of aid to be furnished under this new provision but believes that it may be useful in a few specific instances for the Defense Department to have this authority.

#### 13. EUROPE (SEC. 2 (c))

In 1953 and again in 1954, in an effort to encourage the integration of Europe, Congress placed limitations upon deliveries of military assistance items to European countries which had not ratified the treaty creating the European Defense Community. In the meantime, that treaty has been rejected and the alternative arrangements of the Western European Union and the admission of Germany into NATO have come into effect. The results sought by the 1954 law have been largely accomplished, and there is no longer any reason to tie American military assistance specifically to the European Defense Community.

The committee, however, continues to attach great importance to further progress toward European integration. The pending bill, therefore, amends the 1954 law on this point to read as follows:

The Congress welcomes the recent progress in European cooperation and reaffirms its belief in the necessity of further efforts toward political federation,

military integration, and economic unification as a means of building strength, establishing security, and preserving peace in the North Atlantic area. In order to provide further encouragement to such efforts, the Congress believes it essential that this act should be so administered as to support concrete measures to promote greater political federation, military integration, and economic unification in Europe.

#### 14. JAPAN (SEC. 2 (f))

Last year, in section 108 of the Mutual Security Act of 1954, Congress authorized the transfer to Japan of military equipment previously loaned the Japanese and paid for out of Defense Department appropriations. This authority expires June 30, 1955, and the present bill extends it until June 30, 1956.

No additional funds are involved. The authority is specifically limited to military equipment and supplies programed for Japan to meet its internal security requirements for which Defense Department appropriations were obligated prior to July 1, 1953. It is further specifically provided that no appropriations shall be requested, and no other funds shall be used, to reimburse Defense Department appropriations on account of these transfers.

#### IV. DIRECT FORCES SUPPORT (SEC. 3)

The bill authorizes appropriation of \$317.2 million for assistance "in the form of direct forces support to be delivered or rendered directly to the military forces of nations eligible for military assistance." Of the total, \$285.7 million is for Asia (see sec. 5 of this report, above). The balance is distributed as follows:

	<i>Millions</i>
Yugoslavia-----	\$4. 0
Iran-----	7. 5
Turkey-----	20. 0
Total-----	31. 5

Direct forces support does not differ from military assistance in purpose, but only in the kinds of goods involved. Whereas military assistance is largely weapons, ammunition, and military transport and communications equipment, direct forces support provides the civilian-type items which are also required by military establishments—such things, for example, as food, clothing, and petroleum.

It will be observed that direct forces support is limited to less industrialized countries which would not otherwise be able to supply civilian-type goods to their armed forces.

Turkey accounts for almost two-thirds of the non-Asian direct forces support in fiscal 1956. The Turkish program of \$20 million compares with \$25 million in fiscal 1955 and \$30.6 million in 1954. The biggest single item in the 1956 program is fuel, amounting to \$12 million.

Although direct forces support includes in some instances commodities which are generally thought of as economic assistance items, the committee emphasizes that whatever economic benefits may accrue to a country receiving direct forces support are incidental to the military purpose of the support furnished. In this connection, the committee calls attention to the provision that direct forces support is to be furnished directly to the military forces.

It is contemplated that the direct forces support program will be administered by the Department of the Defense, and the bill authorizes direct forces support appropriations to be consolidated with military assistance appropriations. At the same time, however, the bill provides that direct forces support may be administered in accordance with the provisions of either the military assistance or the defense support chapters of the Mutual Security Act. This will provide a degree of flexibility in procuring and supplying the civilian-type items which are involved.

#### V. DEFENSE SUPPORT (SEC. 4)

The bill authorizes appropriation of a total of \$1,000,300,000 for defense support. More than four-fifths of this amount, or \$827.8 million, is for Asia (see sec. 6 of this report above). Of the remaining \$172.5 million, the bill provides \$70 million for Europe and \$102.5 million for the Near East and Africa. Only five countries are involved in all—Spain (\$28 million) and Yugoslavia (\$36.5 million) in Europe, and Greece (\$15 million), Iran (\$37.5 million), and Turkey (\$50 million) in the Near East. In addition, \$5.5 million is included for a technical exchange program in Western Europe.

The general purpose of defense support is to enable a country to maintain a higher level of defense activity than would otherwise be possible. This type of aid consists primarily of machinery and commodities (including surplus agricultural commodities). When the goods are sold in the country being aided, the local currency received in the transactions is used for further defense purposes—sometimes for budget support or sometimes for other projects designed to increase the country's capacity to maintain armed forces of the desired size.

#### 15. EUROPE

In Spain, the principal emphasis will be upon improvement of transportation facilities, particularly railroads, upon development of thermal-power sources to supplement hydroelectric facilities which are affected by drought, and upon an agricultural program likewise aimed at reducing the effects of drought. Principal components of the Spanish program are:

	<i>Millions</i>
Improvements in railroad lines supplying joint military bases.....	\$6. 9
Transmission lines and substation and switch gear for the power industry..	6. 0
Irrigation and reclamation equipment to make possible resettlement of underemployed agricultural workers.....	5. 0
Imports of United States cotton.....	5. 0

Of the local currency counterpart of \$26 million, 60 percent will be used for local currency costs of the United States base-construction program, 10 percent will be used for general United States purposes, and 30 percent for agreed projects in transportation and defense production.

In the Yugoslav program, \$1 million is planned for technical exchange and \$35.5 million for commodity imports, the most important of which would be bread grains (chiefly wheat), \$11 million; cotton, \$5.5 million; and machinery and vehicles for eliminating transportation and industrial bottlenecks, \$7 million.



The authorization for defense support also includes an item of \$5.5 million for a regional technical exchange program in Western Europe. This program is aimed at promoting economic expansion through the development of improved management techniques, the encouragement of competitive business practices, and the promotion of improved collective-bargaining practices. The United States-financed program is only a fraction of the activities financed by the Europeans themselves, and a substantial portion of United States expenditures will be for the costs of small staffs to work with the Europeans in planning and arranging for activities which, in themselves, will be totally financed by Europeans.

In this connection, the committee wishes to point out the distinction between the technical exchange program carried on under the Mutual Security Act in Europe and elsewhere and the exchange-of-persons program carried on under the Smith-Mundt and Fulbright Acts. Both the purposes and methods of these programs are different. In view of the fact that the mutual security program is now to be administered under the State Department which also administers the Smith-Mundt and Fulbright programs, it becomes more important than ever that this distinction be kept firmly in mind.

The committee recognizes that each type of exchange program has its place in American foreign policy. The activities under the Mutual Security Act are concerned with industrial and agricultural productivity and heavily emphasize the bringing of foreigners to the United States for precise types of technical training. The Smith-Mundt and Fulbright exchange programs are longer range in nature and involve the sending of Americans abroad and the bringing of foreigners to the United States for broader educational purposes.

#### 16. NEAR EAST AND AFRICA

The \$15 million of defense support for Greece is all for the import of wheat which would be sold in the civilian economy with the local currency proceeds going into the Greek defense budget. Without this aid, it appears doubtful that the Greek armed forces could be maintained at a level commensurate with NATO force goals. The committee feels that this assistance is especially necessary in view of the severe losses suffered by Greece in recent earthquakes.

The defense support program in Iran will consist of \$15.4 million in sugar and wheat and \$22.1 million in industrial items. The local currency generated by these imports will be used to meet local costs of defense construction projects (\$17.5 million), to provide budgetary support partially offsetting the increased costs of the Iranian armed forces (\$16.5 million), and to finance a part of the local currency requirements of the technical cooperation program (\$3.5 million).

Iran will not begin to receive oil revenues on a full scale until 1957, and in the meantime continued foreign assistance is necessary to help the Government meet its minimum obligations for defense and the civilian economy. Without such foreign assistance, the bright prospects for the future, which have developed in the last 2 years, would be jeopardized and the Communists would have a much better opportunity to recoup their losses in Iran.

In Turkey, defense support of \$50 million will be used primarily for transportation and agricultural equipment and for machinery for

development of small industrial plants. The local currency counterpart generated by these imports will be used in the Turkish defense budget to make up the difference between what the Turks themselves are able to spend and what is required to meet the defense levels set by NATO.

Although the Turkish economy has made substantial progress since United States aid began in 1947, it has been handicapped by high defense expenditures. Agricultural production suffered last year because of unfavorable weather conditions. Heavy capital investments, combined with defense spending, have contributed to inflation and to a large foreign exchange deficit. Yet the Turkish armed forces are the eastern anchor of NATO and the western anchor of Middle East defense. The Turks have themselves taken the lead in developing Middle Eastern defense alliances. They are firmly committed to collective security, and it is clearly in the interests of the United States to continue to help the Turks support their armed forces and particularly to help them through their present economic difficulties.

#### VI. DEVELOPMENT ASSISTANCE (SEC. 6 AND SEC. 9 (c))

The bill authorizes a total appropriation of \$165 million for development assistance, of which \$71 million is for Asia (see sec. 7 of this report, above). The remainder is divided \$73 million for the Near East and Africa and \$21 million for the Western Hemisphere.

These programs are carried out under authority of title II of the Mutual Security Act of 1954. That act itself in section 503 (b) provides that this authority shall expire, except for liquidation, on June 30, 1955. Inasmuch as it continues to be in the interests of the United States to extend limited amounts of development assistance, section 503 (c) of the 1954 act is repealed by section 9 (b) of the present bill.

### ***THE MORE DEVELOPED THE COUNTRY THE BETTER CUSTOMER IT IS***

#### **U.S. EXPORTS IN 1954 PER INHABITANT OF THE COUNTRY**

##### *Developed Countries*

**CANADA**

\$181.97

**NETHERLANDS**

\$39.65

**U.K.**

\$13.46

**GERMANY**

\$9.91

**JAPAN**

\$7.67

##### *Underdeveloped Countries*

**IRAN**

\$2.21

**EGYPT**

\$1.77

**INDONESIA**

\$0.88

**INDIA**

\$0.43

**PAKISTAN**

\$0.42

## 17. NEAR EAST AND AFRICA

The existing situation in the Near East makes it inadvisable to specify the amounts of development assistance allocated to individual countries in that area. Indeed, one of the principal United States objectives is the development of projects which would result in strengthening the area's economy as a whole. Should opportunities present themselves, funds authorized by the bill could be used for such projects on a regional basis.

Development assistance programs are in prospect for six Near Eastern countries—Egypt, Israel, Jordan, Lebanon, Libya, and Syria.

In Egypt, the program is designed to help the Egyptian Government carry out its overall 10-year, \$2 billion economic development plan which is aimed principally at achieving maximum agricultural production, increasing the amount of arable land, expanding industrial production, and introducing new industries. United States assistance will consist chiefly of equipment for highway construction and port improvement, and construction of grain silos, irrigation pumping stations, and power plants.

In Israel, surplus agricultural commodities will account for a large part of the development assistance program, about half of which will probably be on a loan basis. Although Israel has made significant economic progress, and American assistance has been reduced, it is not yet feasible to terminate that assistance.

In Jordan, a country of low productivity and high population in relation to resources, the development assistance program will be concentrated on highway and water development, particularly well drilling.

In Lebanon, the program would concentrate on agricultural development, improvement of village water supplies, and public roads. A primary object is to encourage local capital formation through reducing the need for expenditures on food imports and through improving transportation facilities. It is contemplated that most of the assistance for Lebanon would be on a loan basis and that part of it would be in the form of commodities.

Libya—which provides the site for the United States Air Force Base at Wheelus Field near Tripoli—is one of the poorest and at the same time most important countries in the area. The development assistance program and the technical cooperation program will be operated together, wherever appropriate, in order to obtain maximum results, particularly in water exploration and development work and improved agricultural practices.

Although the United States has no agreements for either development assistance or technical cooperation in Syria, the bill includes funds for economic aid should Syria desire it in connection with unified planning of the project for utilizing the waters of the Jordan and Yarmuk Rivers. Maximum use of this water for irrigation might prevent full development of its hydroelectric power potential in which case Syria might need external credit for thermal power development.

## 18. WESTERN HEMISPHERE

In Latin America, the \$21 million in development assistance is intended for Bolivia (\$16 million) and Guatemala (\$5 million). Both



of these countries have extremely acute economic problems which are incapable of solution without external aid.

Bolivia's present reform government came to power in 1952 in what had long been one of the poorest, most exploited, and most politically volatile countries in the world. Bolivia's poverty does not result from lack of resources but from maldistribution of wealth and backward land tenure and social systems. The present Government of Bolivia has attacked those problems vigorously and on the whole realistically.

The Bolivian Government's efforts to improve the conditions of its own people were severely handicapped by the precipitous decline in world tin prices from about \$1.20 a pound to 80 cents a pound in early 1953. Bolivia has to import more than half its food, and tin exports alone account for two-thirds of its foreign exchange earnings.

In this situation, economic conditions in Bolivia deteriorated rapidly and a real threat of political chaos developed. In November 1953, a United States assistance program was started to relieve the immediate threat of famine and to help remove the basic cause of the crisis by increasing agricultural production and diversifying economic activity generally.

This program, which is tied in with the Bolivian Government's own development plans, has made considerable progress, and for the first time in many years there is legitimate ground for optimism as to the future of Bolivia. The country has not yet reached the point where it could continue without foreign help, however.

The development assistance program for Bolivia for fiscal 1956 includes \$10 million in food and agricultural imports, principally bread grains (\$7 million) and fats and oils (\$2 million), and \$6 million in machinery and vehicles, chiefly agricultural and road-building equipment. Local currency accruing from the sale of the commodities will be used to carry out additional portions of the Bolivian development plan.

The new Government of Guatemala, which overthrew the Communist-dominated Arbenz regime last year, came into power in a country which had always been poor but which had been further impoverished through the systematic looting carried on by the preceding government. The situation has been further complicated by a decline in the price of coffee, which is Guatemala's principal export.

It is obviously in the interests of the United States to help demonstrate to the people of Guatemala that they can make more economic progress under an anti-Communist than under a Communist government. For this purpose, the development assistance authorization in the bill includes \$5 million for Guatemala to be used principally for financing the construction of roads and other public-works projects. These activities will not only alleviate unemployment but should also stimulate economic activity generally by opening up hitherto isolated sections of the country. Part of the money will also be used for completion of Roosevelt Hospital in Guatemala City.

The committee has some doubts that the \$5 million authorization in the bill for Guatemala is sufficient. It is possible, depending upon future developments, that perhaps as much as \$10 million more may be required to help the Castillo Armas liberation government repair the economic damage left by the Communist regime. In this connection, the committee calls attention to the authorization in section

8 (a) of \$100 million for a worldwide contingency fund and urges the administration not to hesitate to use this fund to provide additional assistance to Guatemala, should such action prove necessary.

The bill in section 6 (a) (1) also amends the Mutual Security Act of 1954 to broaden the purpose of development assistance to the republics and non-self-governing territories of the Western Hemisphere so as to include "to assist in maintaining economic and political stability in the area" as well as "to promote economic development." With this change, the purposes of development assistance in the Western Hemisphere conform to its purposes in the rest of the world.

#### 19. LOANS (SEC. 6 (a) (1))

The bill repeals the requirement in the Mutual Security Act of 1954 that 30 percent of development assistance funds be available only for furnishing assistance on a loan basis.

In fact, something more than 30 percent of these funds were used on a loan basis in the current fiscal year, and it is expected that an even greater percentage will be so used in fiscal 1956. The committee was impressed, however, with the argument that a percentage figure written into the law militates against the placement of a greater percentage of loans. Experience under the 1954 act shows that some recipient countries want to limit their borrowing to 30 percent, whereas if that figure were not in the law, they would be more readily agreeable to a higher percentage.

The committee's objective in rejecting the 30 percent loan requirement is to facilitate the use of an even greater percentage of the funds available in the form of loans. The committee attaches great importance to the maximum possible use of loans, and strongly urges the executive branch to move in this direction as rapidly as practicable.

#### 20. ADMINISTRATION (SEC. 6 (b))

Section 6 (b) of the bill amends section 202 of the Mutual Security Act of 1954 so that the authority in section 307 of that act to make advances, grants, and contracts in administration of the technical cooperation program may also be used in administration of development assistance.

The purpose of this amendment is to enable the President to make 3-year contracts for carrying out development assistance projects. These contracts with private institutions have been used increasingly and on the whole successfully in the technical cooperation program, and the committee feels that they would also be a useful device in connection with development assistance. The advance commitments in the contracts are subject to the future action of the Congress.

Development assistance involves capital investment, and some of the projects—such as, for example, roadbuilding—cannot be completed in 1 year. It seems desirable, therefore, that contracts for as long as 3 years be authorized.

The committee emphasizes, however, that this approval of the use of 3-year contracts does not imply approval of a long-term program of capital grants, or of the United States Government getting involved in large scale development programs in other lands. It again calls attention to the importance of loans in this program.



## VII. TECHNICAL COOPERATION (SEC. 7)

The bill authorizes \$172 million for technical cooperation. Of this amount, \$146,500,000 is for the bilateral program of the United States, \$24 million is for the United Nations expanded program, and \$1,500,000 is for the programs of the Organization of American States.

## 21. BILATERAL PROGRAMS (SEC. 7 (a))

The authorization of \$146.5 million for bilateral technical cooperation programs includes \$66.5 million intended for Asia (see sec. 8 of this report, above). The remainder is proposed to be distributed as follows:

Near East and Africa:	Millions	Latin America—Continued	Millions
Egypt.....	\$4.0	Cuba.....	\$0.6
Ethiopia.....	3.4	Dominican Republic.....	0.4
Greece.....	1.5	Ecuador.....	1.6
Iran.....	10.0	El Salvador.....	1.0
Iraq.....	2.3	Guatemala.....	1.8
Israel.....	2.0	Haiti.....	1.5
Jordan.....	2.8	Honduras.....	1.1
Lebanon.....	2.5	Mexico.....	1.8
Liberia.....	1.8	Nicaragua.....	0.9
Libya.....	2.0	Panama.....	1.3
Turkey.....	2.5	Paraguay.....	1.5
Dependent Overseas Terri- tories.....	4.0	Peru.....	2.7
Regional.....	2.2	Uruguay.....	0.4
		Venezuela.....	0.2
		Dependent Overseas Terri- tories.....	1.1
Subtotal.....	41.0	Regional.....	1.2
Latin America:			
Bolivia.....	2.5	Subtotal.....	30.0
Brazil.....	3.5	Inter-regional expenses.....	9.0
Chile.....	2.4		
Colombia.....	1.5	Total.....	80.0
Costa Rica.....	1.0		

Although increasing emphasis is being placed on such fields as public administration, labor, transportation, industry, and housing, work in agriculture and natural resources still accounts for the bulk of the technical cooperation funds. The technical cooperation programs, by major activity, proposed for fiscal 1956 are as follows:

	Near East and Africa	Latin America
	Thousands	Thousands
Agriculture and natural resources.....	\$10,706	\$10,711.5
Industry and mining.....	3,726	2,440.1
Transportation.....	3,089	1,492.6
Labor.....	850	1,009.7
Health and sanitation.....	5,211	5,734.3
Education.....	7,866	4,197.5
Public administration.....	2,640	1,912.6
Community development, social welfare, and housing.....	3,857	944.5
Other.....	3,055	1,557.2
Total.....	41,000	30,000.0

Of the Near Eastern program, \$7,291,000 is proposed for supplies and equipment. The figure for Latin America is \$7,294,400, but this includes grants to servicios. These servicios are offices established in the appropriate departments of the Latin American gov-

ernments to carry out the actual technical assistance work. They are jointly staffed and have proved to be extremely useful devices.

Technical cooperation, worldwide, has been an established part of United States foreign policy since 1950. The program has its roots in Latin America, where it was begun in the late 1930's and placed on a more stable basis by the Institute of Inter-American Affairs in 1942. The committee has always emphasized that this is a long-range program. The results in Latin America, where it has been in operation the longest, confirm the validity of this concept as well as the value of the program itself.

For Latin America as a whole, local governments now contribute more than twice as much to technical cooperation programs as the United States. The estimated figures for 1956 are \$73 million from local governments against \$30 million from the United States. In some cases the ratio is much higher.

As a project becomes successfully established, the United States withdraws and the local government takes over. United States resources are then devoted to other projects. The long-term, cumulative effects of these activities are considerable.

The Near East and Africa is at a generally lower level of economic development than Latin America. The program has not been in operation there as long as it has been in Latin America, and the problems with which it must deal are even more difficult. Nevertheless, concrete results, particularly in agriculture and health, have been achieved, and the committee feels that American expenditures have been well worth while.

Technical cooperation is defined by law as "the international interchange of technical knowledge and skills designed to contribute primarily to the balanced and integrated development of the economic resources and productive capacities of economically underdeveloped areas" (Mutual Security Act of 1954, sec. 302). It is basically a program of training and demonstration. Technical cooperation expenditures are mainly for personnel and are limited not only by the absorptive capacities of underdeveloped countries but also by the availability of qualified technicians.

Nevertheless, the committee believes that small increases are justified for fiscal 1956. The increase recommended for the Near East and Africa is from \$33.8 million in 1955 to \$41 million in 1956. For Latin America, the comparable figures are \$25.1 million and \$30 million.

## 22. MULTILATERAL PROGRAMS (SEC. 7 (b))

The bill authorizes appropriation of \$24 million for United States contributions to the United Nations expanded program of technical assistance (sec. 7 (b) (1)) and \$1.5 million for United States contributions to the technical cooperation programs of the Organization of American States (sec. 7 (b) (2)).

### *United Nations (sec. 7 (b) (1))*

The U. N. authorization is for appropriations in fiscal 1956 to cover United States contributions for the 18-month period of the last half of calendar 1955 and all of calendar 1956.

The U. N. program operates on a calendar year basis. At the present time, for calendar 1955, the United States has contributed \$6.5 million for the first 6 months. The authorization in this bill would

provide \$8.5 million for the last 6 months, or a total of \$15 million for the year. For calendar 1956, a contribution of \$15.5 million is authorized, all of which is authorized to be appropriated in fiscal 1956. Thereafter, authorizations and appropriations could be put on an annual basis.

The committee is impressed with the need for making advance appropriations for United States contributions to the U. N. technical assistance program. This need is particularly great in view of the legal prohibition against pledging contributions before funds are appropriated (Mutual Security Appropriation Act, 1955). The U. N. pledging conference is held annually in November, preceding the calendar year for which pledges are made. It is important that the United States representatives at that conference be in a position to make a firm pledge and follow up with a payment of that pledge. Funds should be appropriated in advance for this purpose, even though they might not be paid out until the following year. Otherwise, it becomes extremely difficult for the U. N. program to be planned and administered on a sound, sensible, long-range basis.

The committee is also impressed with the benefits which accrue to the United States from participation in the U. N. program. Technical assistance is one of the most widely supported of the U. N.'s activities. The contributions of other countries have been steadily increasing. The program complements, rather than duplicates, the bilateral activities of the United States. The committee feels that it would be particularly unwise for the United States to decrease its contribution substantially at this time in view of increasing Soviet participation. Such action on the part of the United States would decrease American influence in the program and increase that of the Soviet bloc with results which could only be adverse to American interests.

Finally, the committee wishes to emphasize the declining proportion of United States contributions to the U. N. program. From a high of 60 percent when the program began in 1950, United States contributions have declined to 53.6 percent in 1955 and are planned to amount to no more than 50 percent in 1956. At the same time, total contributions have increased as the program has expanded.

*Organization of American States (sec. 7 (b) (2))*

The \$1.5 million authorized for United States contributions to the technical assistance programs of the Organization of American States is for appropriations in fiscal 1956 to be contributed in calendar 1956. It is anticipated that this will amount to 70 percent of the central fund—the same proportion which the United States has contributed in the past.

The OAS technical assistance program consists entirely of regional training projects in such fields as statistics, housing, education, natural resources, and agriculture. Host governments make substantial contributions, both in cash and in goods and services, so that the United States contribution is in reality considerably less than 70 percent of the total program.

The OAS technical assistance activities produce results more than proportionate to the relatively small amount of money involved. United States participation serves as a further concrete manifestation of friendly, cooperative American interest in the problems of the



hemisphere. The committee endorses this item in the full amount requested.

### VIII. OTHER PROGRAMS (SEC. 8)

#### 23. SPECIAL FUND (SEC. 8 (a))

For a number of years, mutual security legislation has carried authority for the President to use a stated amount of the funds to meet special contingencies, without regard to the other requirements of the act. In the Mutual Security Act of 1954 this amount is \$150 million (sec. 401).

Section 8 (a) of the bill continues this authority, but does so in the form of \$100 million authorized to be appropriated for this specific purpose plus \$50 million which the President can take from other funds appropriated under the act.

The only change is that whereas heretofore the President has had authority to use up to \$150 million in his discretion without regard to requirements of the act, he has had to take those funds from appropriations made for other purposes of the act. Under this year's bill, he will have the same amount of money, but \$100 million will be appropriated for that purpose, over and above other appropriations, and only \$50 million will have to be taken from other funds. The bill continues the present provision of law limiting allocations under this section to \$20 million to any one nation in any fiscal year.

One further minor amendment is made in section 401 of the Mutual Security Act of 1954. That section now authorizes the President to spend up to \$50 million of the special fund on an unvouchered basis. The bill authorizes the same amount of unvouchered expenditures but they may be made from any funds appropriated under the act and need not be limited to expenditures from the special section 401 fund.

Experience with the mutual security program confirms the wisdom of giving the President the type of authority provided for in this section. It has been used to advantage to meet a number of unforeseen special situations, resulting either from political events, as in Iran and Guatemala, or from natural disasters, as in Pakistan and the Danube Basin.

#### 24. SURPLUS AGRICULTURAL COMMODITIES (SEC. 8 (b))

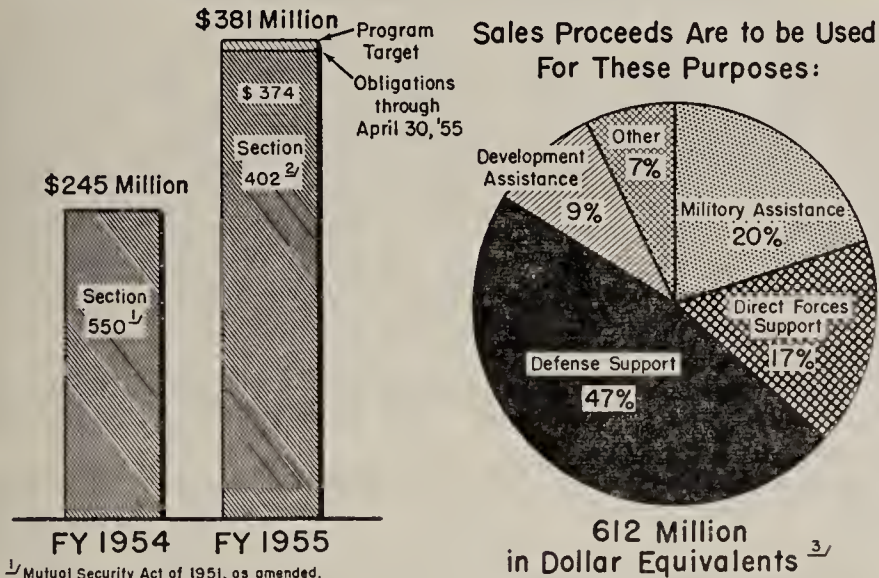
The Mutual Security Act of 1954 stipulated that not less than \$350 million of the funds authorized to be made available under the act should be used to finance the export and sale for foreign currencies of surplus agricultural commodities. This requirement was in addition to the surplus commodity sales made under the Agricultural Trade Development and Assistance Act of 1954.

The chart below shows that by the end of this fiscal year \$381 million of surplus sales will have been made and the local currency proceeds earmarked for the objectives of the Mutual Security Act.

Section 8 (b) of this bill raises this minimum to a cumulative total of \$600 million. This means that in the coming fiscal year not less than \$219 million additional foreign currency sales of agricultural surpluses must be financed from mutual security funds. The estimated decrease in the use of surplus agricultural products is largely due to the shift in aid away from Europe, which has been a major recipient of these commodities.

## SURPLUS AGRICULTURAL COMMODITIES

FOA Has Sold More Than \$600 Million in FY 1954 and FY 1955



<sup>1/</sup> Mutual Security Act of 1951, as amended.

<sup>2/</sup> Mutual Security Act of 1954.

<sup>3/</sup> Sales proceeds are 7.25 million in dollar equivalents under the dollar cost of commodities.

### 25. JOINT CONTROL AREAS (SEC. 8 (c))

The bill authorizes \$21 million for assistance in areas where the United States participated in joint control arrangements at the time of enactment of the Mutual Security Act of 1954 (Aug. 26, 1954). Of this amount \$20 million is programmed for Berlin and \$1 million for a technical exchange program in Berlin and Austria. The comparable amount for 1955 was \$25 million.

Although the Federal Republic of Germany is now an independent sovereign nation, the former occupying powers, including the United States, retain certain rights and responsibilities in the city of Berlin which is not legally a part of the Federal territory. Maintaining Berlin as a free world outpost has long been recognized as vitally important and psychologically significant. Although much progress has been made in Berlin since the days of the blockade, geographic isolation and constant Communist pressures make outside economic assistance still a necessity. The committee stresses the fact that the \$20 million of United States assistance constitutes less than 10 percent of the aid which the Federal Republic of Germany itself will provide the city.

The bill also amends existing law to make it clear that the United States may continue to furnish assistance under authority of this section to areas for which it had joint control responsibilities as of August 26, 1954, on the same terms as on that date and regardless of subsequent changes in the status of these areas. Besides Berlin and Austria, these areas are Germany and Trieste. Although no assistance is contemplated except for Berlin and the technical exchange program in Austria, the committee deems it prudent, in view of the

changing situation in Europe, to tie the President's authority to a specific date.

26. MIGRANTS, REFUGEES AND ESCAPEES (SEC. 8 (d))

Three separate programs deal with the problems of migrants, refugees, and escapees. The Intergovernmental Committee for European Migration (ICEM), composed of 24 nations, concerns itself with the movement of persons from Europe to ease population pressures. Included among these persons are refugees and escapees.

The United Nations Refugee Fund (UNREF) is set up on a temporary basis under the terms of a U. N. General Assembly resolution to deal with the relatively small residue of World War II refugees who were previously the concern of the United Nations Relief and Rehabilitation Administration (UNRRA) and later of the International Refugee Organization (IRO).

Persons who have escaped from Communist controlled areas during the years since World War II are dealt with by the United States escapee program.

All three programs provide for the temporary care and permanent settlement of certain groups of people. The committee was concerned with the possibility of duplication and overlapping, and considered the feasibility of combining all or some of these programs. Such a move appears impractical at this time in view of the different numbers of nations participating in the various programs, and in view also of the different problems the programs are designed to meet. Nevertheless, the committee hopes that the executive branch will continue to explore ways of simplifying administration, and in the meantime exercise the utmost vigilance to assure well-coordinated efforts.

*Intergovernmental Committee on European Migration (ICEM) (sec. 8 (d) (2))*

The bill authorizes appropriation of \$12,500,000 for contributions to ICEM, compared to \$11,189,190 authorized and \$10 million appropriated in fiscal 1955.

The task of ICEM is to assist the movement of persons from overpopulated countries in Europe, such as Italy, Austria, the Netherlands, Germany, and Greece to countries willing to receive them, principally Argentina, Australia, Canada, Brazil, and the United States. During the span of ICEM operations, the number of migrants moved annually has increased from 77,600 in 1952 to an estimated 142,200 in 1955 and 174,400 in 1956.

ICEM operations are financed by contributions of its 24 members, made on 2 different bases. Administrative expenses are fixed on a percentage scale by which the United States pays 31.32 percent of the administrative budget. Operational expenses are financed by voluntary contributions which include reimbursements by governments receiving migrants. ICEM's budget for calendar 1956 is \$54,736,618, of which \$2,545,507 is for administration and \$52,191,111 for operations. The contemplated United States contribution of \$12,500,000 is less than one-fourth of the total budget and is broken down into \$790,989 for administration and \$11,709,011 for the operations.



*United Nations Refugee Fund (sec. 8 (d) (3))*

The bill authorizes appropriation of \$1,400,000 for contribution to the United Nations Refugee Fund (UNREF), compared to \$500,000 authorized but not appropriated for fiscal year 1955.

UNREF is the latest of temporary agencies set up to deal with the problem of the post-World War II refugees. These now number only about 300,000, but they include so-called "difficult" cases—persons who for reason of health or age must be permanently institutionalized. Most of them are in Austria, Germany, Greece, and Italy—all areas which are already overpopulated and which have found it beyond their resources to maintain and assimilate these refugees without external assistance.

The proposed United States contribution will be about one-third of the \$4,200,000 UNREF budget for calendar year 1955. The committee endorses the administration's stated intention to limit payment of the United States contribution to approximately that percentage of total government contributions paid into the central account of UNREF.

The table below shows that by far the greatest proportion of the 1955 UNREF budget will be devoted to seeking permanent solutions to the refugee problem.

*United Nations Refugee Fund—Proposed program for calendar year 1955*

Country	Total estimates	Permanent solutions	Emergency assistance	
			Placement difficult cases	Supplementary assistance
Austria.....	\$1, 699, 000	\$1, 440, 000	\$259, 000	-----
Germany.....	420, 000	420, 000	-----	-----
Greece.....	820, 000	700, 000	95, 000	\$25, 000
Italy.....	399, 000	280, 000	98, 000	21, 000
Turkey.....	31, 000	-----	22, 000	9, 000
China.....	391, 000	-----	90, 000	301, 000
Iran.....	21, 000	-----	9, 000	12, 000
Egypt.....	25, 000	-----	15, 000	10, 000
Middle East.....	24, 000	-----	6, 000	18, 000
Undistributed (contingency).....	10, 000	-----	-----	10, 000
Subtotal, integration projects.....	-----	2, 840, 000	-----	-----
Emigration activities.....	250, 000	250, 000	-----	-----
Administrative costs.....	110, 000	110, 000	-----	-----
Total.....	4, 200, 000	3, 200, 000	594, 000	406, 000

UNREF was established by the UN General Assembly in 1954 for a 4-year period. Any refugees remaining at the end of that time, for which an estimated \$16 million program has been drawn up, will become the sole responsibility of the country of residence.

The committee feels that United States support of UNREF involves the important principle of the right of asylum. The United States is relatively remote from the turbulent areas which have produced refugees, and it has a responsibility to help the free nations which were geographically accessible to absorb this flow without economic dislocation. The committee wants to stress, on the other hand, that this humanitarian effort does not in any way relieve the nations in which the refugees reside of the final and ultimate responsibility for finding a solution to this problem.

*Escapees (sec. 8 (d) (4))*

The bill authorizes \$6 million in appropriations for the continuation of the escapee program, which was begun in 1952 under the so-called Kersten amendment. This amendment, which is now contained in section 401 of the Mutual Security Act of 1954, permits the President to use up to \$100 million of funds appropriated under the act for

any selected persons who are residing in or escapees from the Soviet Union, Poland, Czechoslovakia, Hungary, Rumania, Bulgaria, Albania, Lithuania, Latvia, and Estonia or the Communist-dominated or Communist-occupied areas of Germany and Austria, or any Communist-dominated or Communist-occupied areas of Asia and any other countries absorbed by the Soviet Union \* \* \*.

In the past, the escapee program was financed from military assistance funds under authority of section 401. This year, inasmuch as the escapee program is not an "unforeseen contingency" of the type for which section 401 was provided, a separate appropriation has been authorized.

The escapee program is declining gradually but steadily. It amounted to \$7.2 million in fiscal 1954 and \$6.3 million in 1955, compared to \$6 million proposed in 1956.

The reduced activities reflect a lightening of the caseload, as illustrated by the table below.

*Caseload projection*

	On hand Dec. 31, 1954	Additions to caseload	Reductions in caseload	On hand Dec. 31, 1955	Additions to caseload	Reductions in caseload	On hand Dec. 31, 1956
Office of Field Coordination...	4,374	+776	-1,992	3,158	+100	-1,853	1,405
Austria.....	6,097	+4,149	-5,520	4,726	+2,220	-5,280	1,666
Germany.....	5,889	+2,836	-3,999	4,726	+382	-2,218	2,890
Greece.....	4,675	+469	-1,716	3,428	+271	-1,640	2,059
Italy.....	3,124	+870	-1,806	2,188	+336	-1,350	1,174
Trieste.....	2,981	+1,117	-3,229	869	+1,085	-1,767	187
Turkey.....	265	+60	-262	63	+72	-96	39
Iran.....	661	+28	-174	515	0	-255	260
Middle East.....	257	+15	-95	177	0	-107	70
Total <sup>1</sup> .....	28,323	+10,320	-18,793	19,850	+4,466	-14,566	9,750

<sup>1</sup> In addition, it is estimated that 17,000 refugees in the Far East will receive assistance in 1956.

It will be noted that the rate of resettlement outstrips the rate of new escapees, and that a gross reduction of 14,566 will be made in the case load during calendar 1956.

**27. UNITED NATIONS CHILDREN'S FUND (SEC. 8 (e))**

This bill authorizes appropriations in fiscal 1956 of \$14.5 million for United States contributions to the United Nations Children's Fund (UNICEF). Of this amount, \$4.8 million is to complete payment of United States contributions for calendar 1955, bringing the total United States contribution for that year to \$9 million. The remainder of the authorization (\$9.7 million) is for the entire calendar year 1956.

Because of the discrepancy between United States and United Nations fiscal years, the United States has been making its contributions late in the U. N. year, and it is the purpose of this 18-month authorization to put United States payments on a more current basis.

The Senate has consistently supported UNICEF's work, and this work can be carried out more efficiently if contributions are known sufficiently far in advance to permit adequate planning.

Total United States contributions to UNICEF have amounted to \$9.8 million in calendar 1953 and \$8.3 million in 1954, with \$9 million proposed for calendar 1955 and \$9.7 million for calendar 1956. At the same time, the percentage of United States contributions to the central fund has decreased from 71 percent in 1952 to 61 percent in 1954, with 60 percent proposed in 1955 and 57.4 percent in 1956.

Established as an emergency program for children in war-devastated areas, UNICEF has now shifted the emphasis in its activities to long-range child welfare operations in underdeveloped countries. Whereas 76 percent of its efforts were concentrated in Europe in the period 1947-50, the European program amounted to only 7 percent of the total in 1954. Conversely, assistance in Africa increased from 0.4 percent to 11 percent in the same period. Comparable figures for Asia are 10 percent and 47 percent and for Latin America 3 percent and 22 percent.

The committee takes this opportunity to endorse again the work of UNICEF and to recommend that the Senate authorize the full amount requested.

#### 28. PALESTINE REFUGEES (SEC. 8 (f))

The bill contains an authorization for \$65 million to be contributed to the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA). A standby authorization of \$30 million was made for the same purpose last year, but it was not necessary to request appropriations and the authorization will lapse June 30, 1955.

This is the first request for new funds since fiscal 1953 when \$60,063,250 was appropriated. Of that amount, it is estimated that \$6.4 million will remain unexpended as of June 30, 1955. Additional funds have not been necessary sooner because to date UNRWA has been restricted largely to relief activities and funds intended to be used for rehabilitation projects have been carried over. The UNRWA relief program has cost about \$25 million a year. Relief will continue at about the same rate during fiscal 1956, and \$16.5 million of the requested United States contribution will be set aside for this part of the program.

The remainder of the proposed United States contribution, \$48.5 million will be devoted to rehabilitation projects, which the administration hopes will be realized during the coming fiscal year.

A permanent solution of the Arab refugee problem can only be found through rehabilitation and resettlement, and the committee has repeatedly expressed its deep concern over the lack of progress in this direction. The committee was therefore encouraged to learn that final negotiations are nearing completion for two large-scale resettlement projects. One of these will provide for 60,000 to 70,000 people in Sinai at an estimated cost of \$50 million. The other is the Jordan River Valley development which will benefit about 150,000 refugees at an estimated cost of \$90 million. Both of these projects will take a number of years to complete but the administration is hopeful that a start can be made on them during the course of fiscal 1956, and UNRWA has tentatively budgeted \$61.5 million for this purpose.



The committee believes that if projects of this character can be brought to fruition, a great contribution will have been made to reducing the tensions that now disturb the area.

In view of the great benefits which would flow from such a development, the committee feels the United States contribution here proposed of 70 percent of the total is justified, but at the same time it believes that greater effort might be made to increase worldwide participation in the program.

#### 29. NATO CIVILIAN HEADQUARTERS (SEC. 8 (g))

The bill authorizes \$3.7 million for the United States contribution to the civilian expenses of the North Atlantic Treaty Organization. Of this amount, \$1,225,000 is for the expenses of the international secretariat serving the North Atlantic Council and \$2,475,000 is for construction of a new, permanent NATO headquarters building.

The NATO civilian headquarters are now located in the Palais de Chaillot, a temporary structure which is inadequate and is to be razed. Plans for the new building have been made and France has donated the land. The cost of the new building is estimated at \$6,200,000, of which the United States share of \$2,475,000 represents 45 percent. This will be a nonrecurring item. The committee feels this project is an important one, not only to promote efficiency, but also as a symbol of the permanency of NATO.

The United States contribution of \$1,225,000 to the ordinary budget is based on an assessment of 22½ percent, which the British and French also carry. The Mutual Security Act of 1954 in section 408 authorizes the appropriation of such amounts "as may be necessary from time to time for the payment by the United States of its share of the expenses" of NATO. It was intended that this item be handled in the future in the Department of State appropriation bill as a contribution to a permanent organization and not a temporary foreign-aid agency. In view of the fact that the nonrecurring headquarters amount is included in this year's legislation, the committee is again making a separate authorization. The committee, however, expects that in the future this item will be included in the appropriations requests for Department of State.

#### 30. OCEAN FREIGHT (SEC. 8 (h))

The bill authorizes a total of \$15 million for subsidizing the ocean-freight costs of surplus agricultural commodities, including those distributed through voluntary United States agencies, and of relief goods distributed by those agencies. The total includes \$2 million for ocean freight on voluntary relief shipments and \$13 million for the shipment of surplus agricultural commodities.

##### *Voluntary relief shipments (sec. 8 (h) (1))*

The \$2 million authorized for this part of the program compares with \$1,500,000 appropriated for fiscal 1955 and \$1,580,166 for fiscal 1954. The 1956 amount is expected to finance the ocean transportation of \$28 million worth of relief materials, such as food, clothing, and medical and hospital supplies shipped abroad by voluntary non-

profit agencies registered with the Advisory Committee on Voluntary Foreign Aid and the American Red Cross. The increase over last year's appropriation results from increased activities of the agencies in South Vietnam.

The heart-warming humanitarian activities of the American people through the nonprofit foreign-aid agencies have been long recognized and applauded by this committee and the Senate. The amount authorized by this bill will be a good investment in people-to-people giving.

*Surplus commodities (sec. 8 (h) (2))*

The specific authorization of \$13 million for ocean freight on the shipment of surplus agricultural commodities is new. The Mutual Security Act of 1954 (sec. 409 (d)) provided that "any funds made available under this act may be used, in amounts determined by the President, to pay ocean freight charges on shipments of surplus agricultural commodities, including commodities made available pursuant to any act for the disposal abroad of United States agricultural surpluses." During fiscal 1955, it is estimated that \$8 million of other funds made available under the Mutual Security Act will be specifically set aside for the shipment of surplus commodities made available under the Agricultural Trade Development and Assistance Act of 1954. Title II of this act provides that up to \$300 million worth of surplus agricultural commodities held by the Commodity Credit Corporation may be used over a 3-year period to provide famine and other relief for friendly nations. Title III allows certain surplus commodities in danger of spoilage to be made available to eligible United States voluntary agencies for distribution to needy people abroad. The act does not, however, authorize payment of ocean freight on the surplus commodities made available under either of these titles. Funds for this purpose must therefore be obtained from the recipient government, the recipient voluntary agency, or the mutual security programs. Besides the \$8.3 million which was specifically set aside for this purpose from fiscal 1955 mutual security funds, an estimated \$11.3 million was diverted from country programs, and about \$9 million was contributed by the recipient countries and voluntary agencies. This total of \$28.7 million paid the ocean freight on an estimated \$291,750,000 worth of surplus agricultural commodities.

In fiscal 1956, it is estimated that \$26.8 million will be needed to ship approximately \$270 million in agricultural surpluses under titles II and III of the Agricultural Trade Development and Assistance Act. Besides the \$13 million specifically authorized for this purpose, it is expected that \$5 million can be charged to country programs under other sections of the Mutual Security Act and \$8.8 million will be paid by recipient countries and voluntary agencies. In order to make it possible for country program funds to be used in this manner, the bill continues the President's authority to use any mutual security funds for this purpose.

The table below details these ocean freight costs:

*Ocean freight—Surplus agricultural commodities—Estimated cost of shipments of surplus agricultural commodities under titles II and III of the Agricultural Trade Development and Assistance Act of 1954*

[In millions of dollars]

	Fiscal year 1954	Fiscal year 1955			Proposed fiscal year 1956
		Total	Title II	Title III	
Costs of ocean freight:					
Financed from mutual security funds specifically programed for this purpose.....	\$3.5	\$8.3	-----	<sup>1</sup> \$8.3	\$13.0
Financed from mutual security country program funds.....	6.4	11.3	\$11.3	-----	5.0
Total, mutual security funds.....	9.9	19.6	11.3	8.3	18.0
Financed from resources of recipient countries and voluntary agencies.....	2.4	9.1	5.7	3.4	8.8
Total ocean freight costs.....	12.3	28.7	17.0	11.7	26.8
Value of commodities.....	102.0	291.75	125.0	166.75	270.0

<sup>1</sup> Includes \$2.9 million from amounts appropriated under sec. 409 (c), and \$4.4 million from funds appropriated under sec. 201 (a) (1) and \$1 million of savings in the prior year program for support of forces in Cambodia, Laos, and Vietnam under authority of sec. 409 (d).

### 31. CONTROL ACT EXPENSES (SEC. 8 (i))

For administrative expenses of the Mutual Defense Assistance Control Act of 1951 (Battle Act) the committee approved an authorization of \$1,175,000, the full amount requested for this purpose. This is the same amount appropriated for fiscal year 1955.

Administration of the Battle Act, which is now the responsibility of the Director for Foreign Operations, will be transferred to the State Department June 30. The funds authorized will not only provide for the staff administering and coordinating activities under the act but will also supplement the regular appropriations of other agencies which devote time and personnel to these activities. Principal among such agencies are the Commerce, and Defense Departments. Coordination is provided by an inter-agency Economic Defense Advisory Committee.

### 32. ADMINISTRATIVE EXPENSES (SEC. 8 (j))

The bill authorizes \$35,225,000 for expenses incident to administering all but military assistance and direct forces support in fiscal 1956. The 1955 appropriation was \$32,600,000. The increase in this year is due in major part to increased program activities in the underdeveloped countries. It also reflects approximately \$1 million of administrative costs in Korea which have heretofore been met largely by Defense Department funds.

It does not appear that the transfer of administration to the State Department will have an immediate, appreciable effect on administrative expenses. The committee points out that the authorization for administration amounts to less than 2 percent of the total authorized for programs other than military assistance and direct forces support.

Section 8 (j) (3) of the bill corrects a technical defect in section 411 of the Mutual Security Act of 1954 relating to administration. As



enacted by Congress last year, that section authorizes, in connection with administrative expenses overseas, the waiver of such laws and regulations regarding the obligation and expenditure of government funds as may be necessary to accomplish the purposes of the act. The present bill makes it clear that such authority applies not only to administrative funds but also to any other funds made available under the act. Similar authority was contained in the Economic Cooperation Act of 1948 (sec. 114 (d)), and this change merely restores the situation to that which existed prior to 1954.

## IX. ADMINISTRATION

### 83. PRESIDENT'S REORGANIZATION

The Mutual Security Act of 1954 in section 503 (c) provides: "Unless sooner abolished under section 525, the Foreign Operations Administration shall cease to exist at the close of June 30, 1955." Section 525 gives the President authority to "transfer to any agency or officer of the United States" and to "modify or abolish, any function, office, or entity of the Foreign Operations Administration \* \* \*." This authority is circumscribed by section 521 (b) which provides: "After June 30, 1955, the President shall exercise the powers conferred upon him under title III of this act [technical assistance] through the Secretary of State."

The conference report on the Mutual Security Act last year set forth clearly the congressional intent in these words.

It is not desirable to maintain a special agency devoted to developing and administering assistance programs throughout the world. Under the circumstances such programs tend to become an end in themselves. Instead, the regular departments of Government responsible for foreign policy and for defense should exercise the legislative authority which this bill provides to make available necessary aid when an emergency justifies such action. There should be no incentive, however, for those responsible for such action to perpetuate these aid programs.

For these reasons the committee of conference agreed to a provision specifically terminating the Foreign Operations Administration on June 30, 1955, and providing for the transfer of its remaining functions to appropriate departments of the executive branch.

In a letter to the Secretary of State on April 15, 1955, President Eisenhower announced his intention to issue "an Executive order transferring the affairs of the Foreign Operations Administration, except for certain military functions which are charged to the Defense Department, to the Department of State as of June 30, 1955."

The President's message to Congress of April 20 repeated this intention and gave the broad outlines of the proposed reorganization. The Executive Order, No. 10610, was issued on May 9, 1955, to become effective at the close of June 30, 1955. (For the information of the Senate, the order is printed in the appendix.) Under it, the Defense Department will administer assistance furnished directly to the military forces of other nations, including direct forces support formerly administered by FOA. Other FOA functions will be placed in the State Department, in which a semiautonomous unit to be known as the International Cooperation Administration, will be established. To it will be attached the Institute for Inter-American Affairs, the International Development Advisory Board, and the Office of Small

Business—all of which were formerly under the Foreign Operations Administration.

The International Cooperation Administration will be headed by a Director responsible to the Secretary of State. Until the effective date of the order, June 30, 1955, the present Director for Foreign Operations, Harold E. Stassen, will continue in his position. For the new Director of the International Cooperation Administration, the President has selected John B. Hollister, of Cincinnati, whose nomination is subject to the advice and consent of the Senate.

In addition to administering the functions of the International Cooperation Administration (ICA), the new Director will administer or coordinate such related functions as the Secretary of State may direct, including the Mutual Defense Assistance Control Act of 1951 (Battle Act). He will participate in the activities of the Operations Coordinating Board, the Council on Foreign Economic Policy, the Interagency Committee on Agricultural Surplus Disposal, the Defense Mobilization Boards, the Interdepartmental Committee on Trade Agreements, and the Committee for Reciprocity Information. Except for the latter, these are all agencies on which the Director for Foreign Operations has been represented. The only significant omission is representation on the National Security Council, on which the new Director, unlike his predecessor, will not sit.

The Executive order delegates to the Director of ICA the function vested in the President by section 524 (b) of the Mutual Security Act of 1954 of determining the value of the military assistance program for any country.

Since 1948 there have been a series of temporary agencies charged with administering foreign aid programs, first the Economic Cooperation Administration, then the Mutual Security Agency, and presently the Foreign Operations Administration. Military assistance was always administered by the Defense Department. The time has come for the foreign aid organization to reflect the fact that this program is an essential and important part of American foreign policy. The committee expressed in its report last year its desire "to make it clear that such programs as may be necessary in the future should be presented to the Congress by the regular agencies of the Government and should not serve as the basis for the continuation of an independent agency of Government. \* \* \*"

The committee still holds this view and is gratified that the non-military programs are to be shifted to the State Department. Under the umbrella of a permanent department, the organization for foreign aid should find more stability and continuity—which have been impaired by successive reorganizations.

#### 34. FURTHER AUTHORITY TO REORGANIZE (SEC. 10 (b))

In his message to Congress, the President stated:

The continuity of operations and the adjustments of internal relationships with the Department of State after June 30, 1955, will require a period of transition. I recommend that the Mutual Security Act of 1955 include broad authority to revise the organization during a period of 6 months following June 30, 1955.

This authority is provided by section 10 (b) of the bill which amends section 525 of the Mutual Security Act of 1954.



The bill clarifies the President's authority after June 30, 1955, to transfer to any agency or officer of the United States any function, office or entity of the Foreign Operations Administration which has been transferred to another agency. This will enable the President, should he find it advisable, to retransfer former FOA functions to the Defense Department or Commerce Department, for example. In no event does the new language empower the President to make such transfers to a new agency.

At the same time, the bill makes it clear that the President's authority to reorganize must be exercised in accordance with applicable laws and regulations relating to the civil service and veterans' preference.

### 35. OTHER ADMINISTRATIVE PROVISIONS

#### *Foreign Service officers (sec. 10 (c))*

This subsection specifies that Foreign Service officers may be appointed as chiefs or deputy chiefs of mutual security missions abroad without prejudice to their Foreign Service career status. The subsection would also make it possible for Foreign Service officers serving in such positions to receive the pay and other benefits which normally accrue to chiefs or deputy chiefs of mission.

#### *Travel allowances (secs. 7 (c) and 10 (d))*

These two subsections would make it possible for members of the International Development Advisory Board and for experts and consultants employed on a per diem basis to receive allowances in lieu of subsistence at a rate not to exceed \$10 a day or the applicable rate prescribed by Standardized Government Travel Regulations, whichever is higher. Present law now specifies a maximum rate of \$10. The amendment is in anticipation of possible congressional action providing a higher figure.

## X. GENERAL PROVISIONS (SECS. 5 AND 9)

### 36. DEPOSIT OF COUNTERPART (SEC. 5)

Section 5 of the bill removes a technical ambiguity in section 142 (11) of the Mutual Security Act of 1954 which requires the deposit of local currency counterpart equal in value to certain types of grant aid. In the present law, the introductory clause of section 142 refers to any assistance under "this title"—that is, military assistance, direct forces support, and defense support. Paragraph (11) of section 142, however, refers to assistance under "any provision of this act other than chapter 1 of title I"—that is, any assistance other than military assistance.

The present bill makes it clear that the requirement for the deposit of counterpart applies to grant assistance furnished under "chapter 2 or chapter 3 of title I"—that is, direct forces support and defense support—and under "title II"—that is, development assistance. The bill also makes it clear that in the case of these types of assistance, the deposit of counterpart is required when a commodity is furnished on a grant basis under arrangements which will result in the accrual of proceeds to the recipient nation from the import or sale of the commodity.



The committee has noted that there are two funds in title IV which are not covered by this requirement but which might result in the "accrual of proceeds" on the part of the recipient nation—the special fund in section 401 and the President's fund for Asian economic development (sec. 418 of the Mutual Security Act). Inasmuch as the exact uses of these funds are not foreseeable, it seems inadvisable to enact a rigid requirement for currency counterpart. The committee, however, expects that the administrators of these funds will bear in mind the possibility of requiring local currency deposits whenever a particular project makes such action feasible.

### 37. USE OF FOREIGN CURRENCY (SEC. 9 (b) AND (d) (2))

Section 9 (b) of the bill amends section 502 of the Mutual Security Act of 1954 to make it clear that foreign currency may be made available to the Joint Committee on Atomic Energy and the Joint Committee on the Economic Report, as well as to the appropriate committees of the House and Senate, for their local currency expenses.

For several years, the appropriate standing committees of the House and Senate have been authorized to use local currencies for their expenses in carrying out their duties under section 136 of the Legislative Reorganization Act of 1946. The amendment in section 9 (b) of this bill extends that authority to the two joint committees named above, both of which have responsibilities and interests outside the United States.

Section 505 of the Mutual Security Act of 1954 authorizes the President, among other things, to accept foreign currency in payment for assistance. Section 9 (d) (2) of the present bill authorizes the use of such foreign currency for the purposes for which the funds providing the commodities or services which generated the currency were appropriated. Use of foreign currency in these circumstances is exempt from the requirements of section 1415 of the Supplemental Appropriation Act, 1953, which prohibits the use of foreign currency except as provided in annual appropriation acts.

Section 9 (d) (2) is designed to make it possible for commodities to be sold for local currency to one country and for that currency then to be used for the benefit of programs in other countries without a second charge to the mutual security appropriation for the transaction. In other words, through this provision, the original dollar appropriations can in some instances be made to do double duty—first, through the procurement of commodities in the United States, and second, through the use of foreign currencies for which those commodities are sold. Under present legislation, this type of transaction is possible only with respect to surplus agricultural commodities.

Without the amendment made by section 9 (d) (2) there would be a double charge against the mutual security appropriation—first, when the dollars were spent for commodities, and second, when the foreign currencies, which were derived from the dollars were spent.

The committee emphasizes that this exemption from section 1415 of the Supplemental Appropriation Act applies only in this one respect.

## 38. SHIPPING (SEC. 9 (e))

Section 9 (e) of the bill makes it clear that provisions of other laws requiring 50 percent shipment in American ships do not apply to ocean transportation between foreign countries of materials procured with foreign currencies made available or derived from funds made available under the Mutual Security Act.

This section is necessary because an amendment which Congress added last year to the Merchant Marine Act has been interpreted as extending the normal 50-50 shipping requirement even to such remote cases. Such a stringent requirement is not only difficult to administer but also hampers the sale of surplus agricultural commodities as well as other sales through restricting the use of local currency generated by these sales. Its net effect is to increase the cost of the program, and the committee recommends that the Congress make clear its intention not to extend the 50-50 shipping provisions to transportation between foreign countries of goods procured with foreign currency.

## 39. TECHNICAL AMENDMENTS

Earlier mutual security acts have been based on a geographic division of the world by the areas of Europe; the Near East, Africa and South Asia; the Far East and Pacific; and Latin America. The program for fiscal 1956 is based on a division by the areas of Europe, the Near East and Africa, Asia, and Latin America. Accordingly, the bill makes the necessary amendments in the area designations of the Mutual Security Act of 1954. These amendments appear in sections 2 (d), 2 (e), and 6 (a).

In addition, various changes are made in some of the section headings of the Mutual Security Act of 1954 for the sake of conformity to new matter added by this year's bill. Amendments of this sort are made by sections 8 (d) (1), 8 (j) (1), and 9 (d) (1).

Section 9 (a) of the bill amends section 501 of the 1954 act, relating to transferability, by the insertion of the words "in any fiscal year." This amendment is necessary to keep the President's authority to transfer funds precisely what it was last year, and that is the sole interest or effect of the amendment. Under this authority, the President may transfer up to 10 percent of the funds appropriated under any section of the act to any other section, provided that funds in the section benefiting from the transfer may not be increased by more than 20 percent. The bill also strikes out the provision of the present act that 30 percent of funds transferred into development assistance be used only for loans. This is consequential to the committee's action repealing the general 30 percent loan requirement for development assistance.

Section 10 (a) makes a technical amendment in the list of items, appearing in section 524 (a) of the 1954 act, detailing the duties of the Secretary of Defense to correct a typographical error.

## 40. UNEXPENDED BALANCES (SEC. 11)

The bill authorizes unexpended balances of prior appropriations under the Mutual Security Act to be continued available for the same general purposes for which they were appropriated. The committee also added a proviso that unexpended balances in excess of \$200 million which have not been reserved or obligated—as those terms are legally defined—by June 30, 1955, shall not be continued available after that date.

The committee was impressed by the showing made by the executive branch that, although unexpended balances amount to approximately \$8.7 billion, all but \$100 million of that amount is expected to be obligated by June 30. This is evidence that reductions cannot be made in 1956 funds on the grounds that sufficient funds remain from prior appropriations to carry on the program. To make assurance doubly sure, the committee prohibited the carryover of unobligated funds in excess of \$200 million. This figure is considerably larger than the administration estimate of what the unobligated balance will actually amount to.

The following table shows the details of unobligated and unexpended balances by 1955 appropriation structure:



## Mutual security program unexpended and unobligated balances

[In millions of dollars]

Category	June 30, 1954		June 30, 1955		June 30, 1956, unexpended balance (estimate) <sup>1</sup>
	Unobligated balance	Unexpended balance	Unobligated balance (estimate)	Unexpended balance (estimate)	
Portion of prior-year appropriation not distributed on current appropriation structure	67.0	2,312.6		549.6	154.5
Title I—Mutual defense assistance:					
Ch. 1. Military assistance:					
Sec. 103. General authorization	(2)	7,345.9	3 100.0	6,675.5	5,077.6
Sec. 104. Infrastructure	(2)	139.5		159.0	108.0
Total, ch. 1	2,513.4	7,485.4	3 100.0	6,834.5	5,185.6
Ch. 2. Southeast Asia and the Western Pacific, and direct forces support:					
Sec. 121. Southeast Asia and the Western Pacific				631.8	130.7
Sec. 122. Production for forces support				35.0	5.0
Sec. 123. Common-use items				52.0	15.5
Sec. 124. Direct forces support					209.7
Total, ch. 2				718.8	360.9
Ch. 3. Defense support:					
Sec. 131 (b):					
(1) Europe				42.9	12.9
(2) Near East, Africa, and South Asia				91.4	39.4
(3) Far East and Pacific				59.1	22.6
Sec. 131 (c):					
(1) Europe (excluding Greece and Turkey)					31.7
(2) Near East and Africa (including Greece and Turkey)					68.0
(3) Asia					615.3
Sec. 132:				191.2	71.2
(a) Korean program					
(c) United Nations Korean Reconstruction Agency					
Total, ch. 3				384.6	861.1
Total, title I	2,513.4	7,485.4	3 100.0	7,937.9	6,407.6
Title II—Development assistance:					
Sec. 201 (a) and (c):					
(1) Near East and Africa				73.7	79.8
(2) South Asia fiscal year 1955; Asia fiscal year 1956				55.4	60.3
(3) American Republics				6.0	14.0
Total, title II				135.1	154.1

See footnotes at end of table, p. 42.

## Mutual security program unexpended and unobligated balances—Continued

[In millions of dollars]

Category	June 30, 1954		June 30, 1955		June 30, 1956 unexpended balance (estimate) <sup>1</sup>
	Unobligated balance	Unexpended balance	Unobligated balance (estimate)	Unexpended balance (estimate)	
<b>Title III—Technical cooperation:</b>					
Sec. 304. Authorization.....				73.7	130.6
Sec. 305. Multilateral technical cooperation:					
(a) United Nations expanded program of technical assistance.....				.8	8.0
(h) Organization of American States.....					.9
<b>Total, title III.....</b>				74.5	139.4
<b>Title IV—Other programs:</b>					
Sec. 401 (b). Special Presidential fund.....					90.0
Sec. 403. Special assistance in joint control areas.....				9.2	10.2
Sec. 405. Migrants, refugees, and escapees:					
(a) Intergovernmental Committee for European Migration.....				7.5	10.0
(c) United Nations Refugee Fund.....					5.0
(d) Escapee program.....					
Sec. 406. Children's welfare.....					
Sec. 407. Palestine refugees in the Near East.....					50.4
Sec. 408. North Atlantic Treaty Organization.....				.1	2.0
Sec. 409. Ocean freight charges:					
(c) Voluntary relief shipments.....				.3	.5
(d) Surplus agricultural commodities.....					6.5
Sec. 410. Control Act expenses.....				.3	.3
Sec. 411. Administrative and other expenses (other than title I, ch. 1).....				7.6	9.3
Sec. 418. President's fund for Asian economic development.....					190.0
<b>Total, title IV.....</b>				31.4	374.2
<b>Recapitulation:</b>					
Military assistance.....	2,513.4	7,485.4	3 100.0	6,834.5	5,185.6
Nonmilitary assistance.....	67.0	2,312.6		1,894.0	2,044.2
<b>Grand total, all titles.....</b>	2,580.4	9,798.0	3 100.0	8,728.5	7,229.8

<sup>1</sup> Includes unexpended balance of new obligational authority requested for 1956 in the amount of \$3,530 million.

<sup>2</sup> Not available.

<sup>3</sup> Excludes reservations which are to provide for reimbursement through June 30, 1957, to service appropriations upon delivery of items in accordance with sec. 110, Public Law 778. In addition fund reservations totaling an estimated \$2,286.2 million of funds to be deobligated under the provisions of sec. 1311, Public Law 663, are anticipated to be

made to cover ultimate reimbursement to the service appropriations.

<sup>4</sup> Excludes \$116.8 million not continued available in 1955.

NOTE.—Unobligated balances as of June 30, 1954, have been adjusted to the certifications required by sec. 1311, Public Law 663, for all agencies except Department of Defense.

Source: Sec. I, pp. 2 and 3, Mutual Security Program, vol. 1, fiscal year 1956.

# APPENDIXES

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## APPENDIX I

### CHANGES IN EXISTING LAW

In compliance with subsection (4) of Rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That this Act may be cited as the "Mutual Security Act of 1954".

## TITLE I—MUTUAL DEFENSE ASSISTANCE

### CHAPTER 1—MILITARY ASSISTANCE

SEC. 101. PURPOSE OF CHAPTER.—The Congress of the United States reaffirms the policy of the United States to achieve international peace and security through the United Nations so that armed force shall not be used except in the common defense. The Congress hereby finds that the efforts of the United States and other nations to promote peace and security require additional measures of support based upon the principle of continuous and effective self-help and mutual aid. It is the purpose of this chapter to authorize measures in the common defense, including the furnishing of military assistance to friendly nations and international organizations in order to promote the foreign policy, security, and general welfare of the United States and to facilitate the effective participation of such nations in arrangements for individual and collective self-defense. In furnishing such military assistance, it remains the policy of the United States to continue to exert maximum efforts to achieve universal control of weapons of mass destruction and universal regulation and reduction of armaments, including armed forces, under adequate safeguards to protect complying nations against violation and evasion.

The Congress reaffirms its previous expressions favoring the creation by the free peoples of the Far East and the Pacific of a joint organization, consistent with the Charter of the United Nations, to establish a program of self-help and mutual cooperation designed to develop their economic and social well-being, to safeguard basic rights and liberties and to protect their security and independence.

The Congress hereby reiterates its opposition to the seating in the United Nations of the Communist China regime as the representative of China. In the event of the seating of representatives of the Chinese Communist regime in the Security Council or General Assembly of the United Nations, the President is requested to inform the Congress



insofar as is compatible with the requirements of national security, of the implications of this action upon the foreign policy of the United States and our foreign relationships, including that created by membership in the United Nations, together with any recommendations which he may have with respect to the matter.

SEC. 102. GENERAL AUTHORITY.—Military assistance may be furnished under this chapter on a grant or loan basis and upon such other appropriate terms as may be agreed upon, by the procurement from any source and the transfer to eligible nations and international organizations of equipment, materials, and services or by the provision of any service, including the assignment or detail of members of the Armed Forces and other personnel of the Department of Defense solely to assist in an advisory capacity or to perform other duties of a noncombatant nature, including military training or advice.

SEC. 103. AUTHORIZATIONS.—(a) (1) There is hereby authorized to be appropriated to the President, in addition to appropriations authorized by section 104, not to exceed \$1,270,000,000, to carry out the purpose of this chapter; and, in addition, unexpended balances of appropriations for military assistance under each paragraph of the Mutual Security Appropriation Act, 1954 (including the appropriation for mutual special weapons planning), are hereby authorized to be continued available for the purpose of this chapter and to be consolidated with the appropriation authorized by this subsection; all of which is hereby authorized to be continued available through June 30, 1955.

(2) *In addition, there is hereby authorized to be appropriated to the President to carry out the purposes of this chapter not to exceed \$1,278,000,000, to remain available until expended.*

(b) Funds made available pursuant to subsection (a) of this section shall be available for the administrative and operating expenses of carrying out the purpose of this chapter including expenses incident to United States participation in international security organizations.

[(c) Funds made available pursuant to subsection (a) of this section may be used for the procurement of equipment or materials outside the United States unless the President determines that such procurement will result in one or more of the following conditions:

[(1) Adverse effects upon the economy of the United States, with special reference to any areas of labor surplus, or upon the industrial mobilization base, which outweigh the strategic and logistic advantages to the United States of procurement abroad;

[(2) Production of such equipment or materials outside the United States under inadequate safeguards against sabotage or the release to potential enemies of information detrimental to the security of the United States;

[(3) Unjustifiable cost in comparison with procurement in the United States, taking into account transportation costs for delivery overseas; and

[(4) Delays in delivery incompatible with United States defense objectives.]

(c) *When appropriations made pursuant to subsection (a) of this section are used to furnish military assistance on terms of repayment within ten years or earlier such assistance may be furnished, notwithstanding sections 105, 141 and 142, to nations eligible to purchase military equipment, materials and services under section 106.*

SEC. 104. INFRASTRUCTURE.—(a) The President is authorized to make contributions to infrastructure programs of the North Atlantic Treaty Organization, in accordance with agreements already made between the member nations, out of funds made available pursuant to this section, or section 103, or chapter IX of the Supplemental Appropriation Act, 1953, of amounts totaling not more than \$780,000,000, less amounts already contributed for such purpose. There is hereby authorized to be appropriated to the President for such purpose, in installments prior to June 30, 1958, not to exceed \$321,000,000, to remain available until expended. Such contributions by the United States shall not exceed its proportionate share, as heretofore agreed upon, of the expenses of such programs.

(b) When the President determines that it is in the interest of the security of the United States to participate in programs for the acquisition or construction of facilities in foreign nations for collective defense other than programs of the North Atlantic Treaty Organization, he may use for such purpose funds made available under section 103 or local currencies made available under section 402 in amounts totaling not more than \$50,000,000.

(c) Notwithstanding section 501 of this Act, no funds other than those referred to in subsections (a) and (b) of this section may be expended for the purposes of this section. No funds shall be expended under this section for rental or purchase of land or for payment of taxes.

SEC. 105. CONDITIONS APPLICABLE TO MILITARY ASSISTANCE.—(a) Military assistance may be furnished under this chapter to any nation whose increased ability to defend itself the President shall have determined to be important to the security of the United States and which is otherwise eligible to receive such assistance. Equipment and materials furnished under this chapter shall be made available solely to maintain the internal security and legitimate self-defense of the recipient nation, or to permit it to participate in the defense of its area or in collective security arrangements and measures consistent with the Charter of the United Nations. The President shall be satisfied that such equipment and materials will not be used to undertake any act of aggression against any nation.

(b) In addition to the authority and limitations contained in the preceding subsection, the following provisions shall apply to particular areas:

[(1) In order to promote an integrated defense of the North Atlantic area and to support concrete measures for political federation, military integration, and economic unification in Europe, equipment and materials of the value programmed for fiscal years 1954 and 1955 for nations signing the treaty constituting the European Defense Community shall, pending the coming into force of the treaty, be delivered only to such of these nations as have ratified the treaty, and have joined together in or are developing collective defense programs in a manner satisfactory to the United States as determined by the President.]

(1) *The Congress welcomes the recent progress in European cooperation and reaffirms its belief in the necessity of further efforts toward political federation, military integration, and economic unification as a means of building strength, establishing security and preserving peace in the North Atlantic area. In order to provide further encouragement to such efforts,*



*the Congress believes it essential that this Act should be so administered as to support concrete measures to promote greater political federation, military integration, and economic unification in Europe.*

(2) Military assistance furnished to any nation in the [Near East, Africa, and South Asia] *Near East and Africa* to permit it to participate in the defense of its area shall be furnished only in accordance with plans and arrangements which shall have been found by the President to require the recipient nation to take an important part therein.

(3) In furnishing military assistance in [the Far East and the Pacific] *Asia* and in carrying out the provisions of section 121 of this Act, the President shall give the fullest assistance, as far as possible directly, to the free peoples in that area, including the Associated States of Cambodia, Laos, and Vietnam, in their creation of a joint organization, consistent with the Charter of the United Nations, to establish a program of self-help and mutual cooperation designed to develop their economic and social well-being, to safeguard basic rights and liberties, and to protect their security and independence.

(4) Military assistance may be furnished to the other American Republics only in accordance with defense plans which shall have been found by the President to require the recipient nation to participate in missions important to the defense of the Western Hemisphere.

(c) The Secretary of Defense shall insure that the value (as determined pursuant to section 545) of equipment, materials, and services heretofore furnished under military assistance programs authorized by Acts repealed by this Act or hereafter furnished pursuant to section 103 (a) to nations or organizations in each of the four areas named in this subsection shall not exceed the total of the funds heretofore made available for military assistance in that area pursuant to Acts repealed by this Act plus the amount herein specified for that area:

(1) In the European area (excluding Greece and Turkey), \$617,500,000.

(2) In the Near East (including Greece and Turkey) [ , Africa, and South Asia] *and Africa*, \$181,200,000.

(3) In [the Far East and the Pacific] *Asia*, \$583,600,000.

(4) In the Western Hemisphere, \$13,000,000.

(d) Whenever the President determines it to be necessary for the purpose of this title, equipment, materials, and services of a value not to exceed 15 per centum of the sum of (1) that portion of the unexpended balances referred to in section 103 (a) which was available on June 30, 1954, to furnish assistance in any of the areas named in subsection (c) of this section, and (2) the amount specified in the applicable paragraph of subsection (c) of this section for additional assistance in such area, may be furnished in any other such area or areas, notwithstanding the limitations set forth in subsection (c) of this section. Funds heretofore obligated or programed or hereafter made available solely for the purpose of section 104 (pertaining to infrastructure) shall not be included in the total fixed for each such area. Funds heretofore appropriated for military assistance in a particular geographic area but transferred from such use under section 513 of the Mutual Security Act of 1951, as amended, or under section 408 (c) of the Mutual Defense Assistance Act, shall be included in the total for the area for the benefit of which such transfer was made, and not in the total for the area from which the transfer was made.



SEC. 106. SALE OF MILITARY EQUIPMENT, MATERIALS, AND SERVICES.—(a) The President may, in order to carry out the purposes of this chapter, sell or enter into contracts (without requirement for charge to any appropriation or contract authorization) for the procurement for sale of equipment, materials, or services to any nation or international organization: *Provided*, That prior to the transfer of any such equipment, materials, or services to any nation which has not signed an agreement under section 142 of this Act or joined with the United States in a regional collective defense arrangement, the President shall have received commitments satisfactory to him that such equipment, materials, or services are required for and will be used by such nation solely to maintain its internal security, its legitimate self-defense, or to permit it to participate in the defense of the area of which it is a part, or in collective security arrangements and measures consistent with the Charter of the United Nations, and that it will not undertake any act of aggression against any other state.

(b) Whenever equipment or materials are sold from the stocks of or services are rendered by any United States Government agency to any nation or international organization as provided in subsection (a), such nation or international organization shall first make available the fair value, as determined by the President, of such equipment, materials, or services before delivery or, when the President determines it to be in the best interests of the United States, within sixty days thereafter or, as determined by the President, within a reasonable period not to exceed three years. The fair value for the purpose of this subsection shall not be less than the value as defined in subsection (h) of section 545: *Provided*, That with respect to excess equipment or materials the fair value may not be determined to be less than (i) the minimum value specified in that subsection plus the scrap value, or (ii) the market value, if ascertainable, whichever is the greater. Before a contract for new production is entered into, or rehabilitation work is undertaken, such nation or international organization shall (A) provide the United States with a dependable undertaking to pay the full amount of such contract or the cost of such rehabilitation which will assure the United States against any loss on the contract or rehabilitation work, and (B) shall make funds available in such amounts and at such times as may be necessary to meet the payments required by the contract or the rehabilitation work in advance of the time such payments are due, in addition to the estimated amount of any damages and costs that may accrue from the cancellation of such contract or rehabilitation work.

(c) Sections 105, 141, and 142 shall not apply with respect to assistance furnished under this section.

SEC. 107. WAIVERS OF LAW.—(a) The President may perform any of the functions authorized under this chapter without regard to (1) the provisions of title 10, United States Code, section 1262 (a), and title 34, United States Code, section 546 (e); and (2) such provisions as he may specify of the joint resolution of November 4, 1939 (54 Stat. 4), as amended.

(b) Notwithstanding the provisions of Revised Statutes 1222 (10 U. S. C. 576), personnel of the Department of Defense may be assigned or detailed to any civil office for the purpose of enabling the President to furnish assistance under this Act.

SEC. 108. TRANSFER OF MILITARY EQUIPMENT TO JAPAN.—In addition to any program of military assistance for which funds may be appropriated pursuant to this Act, the President is hereby authorized to transfer to the Government of Japan, until June 30, [1955], 1956 upon such terms and conditions as he may specify, and upon its request, United States military equipment and supplies programed for Japan to meet its internal security requirements for which Department of Defense appropriations were obligated prior to July 1, 1953. No appropriation shall be requested to replace the military equipment and supplies so transferred, and no funds heretofore or hereafter appropriated for the purpose of this chapter shall be available for reimbursement to any United States Government agency on account of any transfer made pursuant to this section.

## CHAPTER 2—SOUTHEAST ASIA AND THE WESTERN PACIFIC, AND DIRECT FORCES SUPPORT

SEC. 121. SOUTHEAST ASIA AND THE WESTERN PACIFIC.—There is hereby authorized to be appropriated to the President for the fiscal year 1955, to be made available on such terms and conditions, including transfer of funds, as he may specify, not to exceed \$700,000,000 for expenses necessary for the support of the forces of nations in the area of Southeast Asia, including the furnishing, as far as possible, of direct assistance to the Associated States of Cambodia, Laos, and Vietnam as well as to the forces of other free nations in the area including those of France located in such Associated States and for other expenditures to accomplish in Southeast Asia and the Western Pacific the policies and purposes declared in this Act. In addition, the unexpended balances of funds allocated from appropriations made pursuant to sections 304 and 540 of the Mutual Security Act of 1951, as amended, for the purpose of support of the forces of the Associated States of Cambodia, Laos, and Vietnam and the forces of France located in the Associated States, are hereby authorized to be continued available for the purpose of this section through June 30, 1955, and to be consolidated with the appropriation authorized by this section. Assistance under this section shall be made available subject to the provisions of sections 141 and 142, except that (1) in the case of assistance to the Associated States of Cambodia, Laos, and Vietnam, and (2) in the case of assistance (not to exceed in the aggregate 10 per centum of the amount appropriated pursuant to this section, excluding unexpended balances of prior appropriations) to other nations, the President may waive specific provisions of section 142 to the extent he may deem necessary in the national interest to carry out the purposes of this Act. The President or such officer as he may designate shall report each instance of such waiver to the Foreign Relations, Appropriations, and Armed Services Committees of the Senate and the Foreign Affairs, Appropriations, and Armed Services Committees of the House of Representatives within thirty days.

It is the sense of the Congress that no part of the funds appropriated under this section shall be used on behalf of governments which are committed by treaty to maintain Communist rule over any defined territory of Asia.

SEC. 122. PRODUCTION FOR FORCES SUPPORT.—There is hereby authorized to be appropriated to the President for the fiscal year



1955, to be made available on such terms and conditions, including transfer of funds, as he may specify, not to exceed \$35,000,000 for manufacture in the United Kingdom of military aircraft required by United Kingdom forces for the defense of the North Atlantic area. In addition, unexpended balances of appropriations made pursuant to section 102 of the Mutual Security Act of 1951, as amended, are hereby authorized to be continued available for their original purposes through June 30, 1955, and the unexpended balance of the appropriation made pursuant to the second clause of that section is authorized to be consolidated with the appropriation authorized by this section.

SEC. 123. COMMON USE ITEMS.—There is hereby authorized to be appropriated to the President for the fiscal year 1955 not to exceed \$60,000,000 for the provision of any common-use equipment, materials, commodities, or services which are to be used by military forces of nations receiving assistance under chapter 1 of this title. Programs authorized by this section shall be administered in accordance with the provisions of chapter 1 or chapter 3 of this title.

SEC. 124. DIRECT FORCES SUPPORT.—*There is hereby authorized to be appropriated to the President for the fiscal year 1956 not to exceed \$317,200,000 to provide assistance in the form of direct forces support to be delivered or rendered directly to the military forces of nations eligible for military assistance under chapter 1 of this title. The President may, notwithstanding the provisions of section 501, consolidate all or any part of appropriations made pursuant to this section with appropriations made pursuant to section 103. Programs authorized by this section may be administered in accordance with the provisions of chapter 1 or chapter 3 of this title.*

### CHAPTER 3—DEFENSE SUPPORT

SEC. 131. GENERAL AUTHORITY.—(a) The President is hereby authorized to furnish, to nations and organizations eligible to receive military assistance under chapter 1 of this title, or to nations which have joined with the United States in a regional collective defense arrangement, commodities, services, and financial and other assistance designed to sustain and increase military effort. In furnishing such assistance, the President may provide for the procurement and transfer from any source of any commodity or service (including processing, storing, transporting, marine insurance, and repairing) or any technical information and assistance.

(b) There is hereby authorized to be appropriated to the President for the fiscal year 1955 to carry out the provisions of this section, not to exceed—

- (1) \$46,000,000 for Europe (excluding Greece and Turkey);
- (2) \$73,000,000 for the Near East (including Greece and Turkey), Africa, and South Asia; and
- (3) \$80,098,195 for the Far East and the Pacific.

In addition, unexpended balances of appropriations heretofore made pursuant to section 541 of the Mutual Security Act of 1951, as amended, are hereby authorized to be continued available for the purpose of this subsection through June 30, 1955, and to be consolidated with the appropriation authorized for the same area by this subsection: *Provided*, That portions of such unexpended balances



which have been allocated to assistance for Greece and Turkey shall be consolidated with the appropriation authorized by paragraph (2) of this subsection.

(c) *There is hereby authorized to be appropriated to the President for the fiscal year 1956 to carry out the provisions of this section, not to exceed—*

*(1) \$70,000,000 for Europe (excluding Greece and Turkey);*

*(2) \$102,500,000 for the Near East (including Greece and Turkey) and Africa; and*

*(3) \$827,800,000 for Asia.*

*Funds made available for assistance to Korea from appropriations authorized by this section may be used in accordance with the applicable provisions of section 132 of this Act.*

SEC. 132. KOREAN PROGRAM.—(a) There is hereby authorized to be appropriated to the President for the fiscal year 1955 not to exceed \$205,000,000 to be expended, upon terms and conditions specified by the President, for defense support, relief and rehabilitation, and other necessary assistance (including payment of ocean freight charges on shipments for relief and rehabilitation, without regard to section 409 of this Act) in those parts of Korea which the President shall have determined to be not under Communist control. In addition, unexpended balances of funds heretofore allocated for the purpose of relief and rehabilitation in Korea pursuant to the paragraph entitled "Relief and Rehabilitation in Korea", chapter VII, Supplemental Appropriation Act, 1954, and unobligated balances of the appropriation for "Civilian Relief in Korea", title III, Department of Defense Appropriation Act, 1954, are hereby authorized to be continued available for the purposes of this subsection through June 30, 1955, and to be consolidated with the appropriation authorized by this subsection.

(b) (1) Notwithstanding the provisions of any other law, the President is authorized, at any time prior to twenty-four months from the date of enactment of this Act, to transfer to the Republic of Korea, by sale or charter and on such terms and conditions as he may specify, not more than eight C1-M-AV1 vessels. Any agency of the United States Government owning or operating such vessels is authorized to make such vessels available for the purpose of this subsection: *Provided*, That if after investigation it is determined by the President that there are privately owned C1-M-AV1 vessels offered and available for sale by American citizens as defined in section 2 of the Shipping Act, 1916, as amended, at prices equal to or less than those provided for in subsection (b) (2) below, such vessels shall be acquired by an owning or operating agency designated by the President for the purpose of this subsection. Funds made available pursuant to subsection (a) of this section shall be available for the purpose of this subsection.

(2) Such transfers shall be made at prices determined under section 3 of the Merchant Ship Sales Act of 1946 (50 U. S. C., App. 1736): *Provided*, That such vessels shall be placed in class in accordance with minimum requirements of the American Bureau of Shipping by the owning or operating agency, and the expense of placing in class shall be reimbursed to such agency.

(c) There is hereby authorized to be appropriated for the fiscal year 1955 not to exceed \$3,452,615 for making contributions to the United Nations Korean Reconstruction Agency or expenditure through such other agency for relief and rehabilitation in Korea as the President

may direct. In addition, the unexpended balance of the appropriation made pursuant to the last sentence of section 303 (a) of the Mutual Security Act of 1951, as amended, is hereby authorized to be continued available for the purpose of this subsection through June 30, 1955, and to be consolidated with the appropriation authorized by this subsection. Sections 141 and 142 of this Act shall not apply with respect to assistance furnished under this subsection.

(d) To the extent necessary to accomplish the purposes of this section (1) assistance may be furnished under this section without regard to the other provisions of this title and (2) the authority provided in section 307 may be exercised in furnishing assistance under subsection (a) of this section.

#### CHAPTER 4—GENERAL PROVISIONS RELATING TO MUTUAL DEFENSE ASSISTANCE

SEC. 141. CONDITIONS OF ELIGIBILITY FOR ASSISTANCE.—No assistance shall be furnished under this title to any nation or organization unless the President shall have found that furnishing such assistance will strengthen the security of the United States and promote world peace. No such assistance shall be furnished to a nation unless it shall have agreed to the provisions required by section 142, and such additional provisions as the President deems necessary to effectuate the policies and provisions of this title and to safeguard the interests of the United States.

SEC. 142. AGREEMENTS.—No assistance shall be furnished to any nation under this title unless such nation shall have agreed to—

- (1) join in promoting international understanding and good will, and maintaining world peace;
- (2) take such action as may be mutually agreed upon to eliminate causes of international tension;
- (3) fulfill the military obligations, if any, which it has assumed under multilateral or bilateral agreements or treaties to which the United States is a party;
- (4) make, consistent with its political and economic stability, the full contribution permitted by its manpower, resources, facilities, and general economic condition to the development and maintenance of its own defensive strength and the defensive strength of the free world;
- (5) take all reasonable measures which may be needed to develop its defense capacities;
- (6) take appropriate steps to insure the effective utilization of the assistance furnished under this title in furtherance of the policies and purposes of this title;
- (7) impose appropriate restrictions against transfer of title to or possession of any equipment and materials, information, or services furnished under chapter 1 of this title, without the consent of the President;
- (8) maintain the security of any article, service, or information furnished under chapter 1 of this title;
- (9) furnish equipment and materials, services, or other assistance consistent with the Charter of the United Nations, to the United States or to and among other nations to further the policies and purpose of chapter 1 of this title;



(10) permit continuous observation and review by United States representatives of programs of assistance authorized under this title, including the utilization of any such assistance, or provide the United States with full and complete information with respect to these matters, as the President may require[; and].

(11) [in cases where any commodity is furnished on a grant basis under any provision of this Act other than chapter 1 of title I under arrangements which will result in the accrual of proceeds to the recipient nation from the import or sale thereof, establish a Special Account, and—] *In cases where any commodity is to be furnished on a grant basis under chapter 2 or chapter 3 of title I or under title II of this Act under arrangements which will result in the accrual of proceeds to the recipient nation from the import or sale thereof, such assistance shall not be furnished unless the recipient nation shall have agreed to establish a Special Account, and—*

(i) deposit in the Special Account, under such terms and conditions as may be agreed upon, currency of the recipient nation in amounts equal to such proceeds;

(ii) make available to the United States such portion of the Special Account as may be determined by the President to be necessary for the requirements of the United States: *Provided, That such portion shall not be less than 10 per centum in the case of any country to which such minimum requirement has been applicable under any Act repealed by this Act; and*

(iii) utilize the remainder of the Special Account for programs agreed to by the United States to carry out the purposes for which new funds authorized by this Act would themselves be available.

Any unencumbered balances of funds which remain in the Account upon termination of assistance to such nation under this Act shall be disposed of for such purposes as may, subject to approval by Act or joint resolution of the Congress, be agreed to between such country and the Government of the United States.

## TITLE II—DEVELOPMENT ASSISTANCE

SEC. 201. AUTHORIZATION.—(a) There is hereby authorized to be appropriated to the President for the fiscal year 1955, not to exceed—

(1) \$115,000,000 for assistance designed to promote the economic development of the Near East and Africa, and for other types of assistance designed to help maintain economic and political stability in the area;

(2) \$75,000,000 for assistance designed to promote the economic development of [South Asia] *Asia* and to assist in maintaining economic and political stability in the area; and

(3) \$9,000,000 for assistance designed to promote economic development in the other American Republics and non-self-governing territories of the Western Hemisphere *and to assist in maintaining economic and political stability in the area.*

Such assistance may be furnished on such terms and conditions as the President may specify [ , except that 30 per centum of the funds appropriated pursuant to this subsection shall be available only for furnish-



ing assistance on terms of repayment in accordance with section 505.】.

(b) In addition, unexpended balances of appropriations heretofore made pursuant to sections 206 and 302 (b) of the Mutual Security Act of 1951, as amended, and unexpended balances of funds allocated to the emergency economic aid program for Bolivia are hereby authorized to be continued available for the purposes of this section through June 30, 1955, and to be consolidated with the appropriations authorized by paragraphs (1), (2), and (3) of subsection (a) of this section, respectively.

(c) *There is hereby authorized to be appropriated to the President for the fiscal year 1956 not to exceed \$73,000,000, \$71,000,000, and \$21,000,000 to furnish assistance under paragraphs (1), (2) and (3) respectively, of subsection (a) of this section.*

SEC. 202. ADMINISTRATION.—Except as necessary to accomplish the purposes of section 201, programs of assistance authorized by that section shall be administered in accordance with sections 303 and 308 (relating to technical cooperation). *The authority provided in section 307 may be exercised for purposes of furnishing assistance under section 201.*

### TITLE III—TECHNICAL COOPERATION

SEC. 301. DECLARATION OF PURPOSE.—It is the policy of the United States and the purpose of this title to aid the efforts of the peoples of economically underdeveloped areas to develop their resources and improve their working and living conditions by encouraging the exchange of technical knowledge and skills and the flow of investment capital to countries which provide conditions under which such technical assistance and capital can effectively and constructively contribute to raising standards of living, creating new sources of wealth, increasing productivity and expanding purchasing power.

SEC. 302. GENERAL AUTHORITY AND DEFINITION.—The President is authorized to furnish assistance in accordance with the provisions of this title through bilateral technical cooperation programs. As used in this title, the term “technical cooperation programs” means programs for the international interchange of technical knowledge and skills designed to contribute primarily to the balanced and integrated development of the economic resources and productive capacities of economically underdeveloped areas. Such activities shall be limited to economic, engineering, medical, educational, labor, agricultural, forestry, fishery, mineral, and fiscal surveys, demonstration, training, and similar projects that serve the purpose of promoting the development of economic resources, productive capacities, and trade of economically underdeveloped areas, and training in public administration. The term “technical cooperation programs” does not include such activities authorized by the United States Information and Educational Exchange Act of 1948 (62 Stat. 6) as are not primarily related to economic development, nor activities undertaken now or hereafter pursuant to the International Aviation Facilities Act (62 Stat. 450), nor activities undertaken now or hereafter in the administration of areas occupied by the United States Armed Forces.

SEC. 303. PREREQUISITES TO ASSISTANCE.—Assistance shall be made available under section 302 of this Act only where the President determines that the nation being assisted—

- (a) pays a fair share of the cost of the program;
- (b) provides all necessary information concerning such program and gives the program full publicity;
- (c) seeks to the maximum extent possible full coordination and integration of technical cooperation programs being carried on in that nation;
- (d) endeavors to make effective use of the results of the program; and
- (e) cooperates with other nations participating in the program in the mutual exchange of technical knowledge and skills.

SEC. 304. AUTHORIZATION.—(a) There is hereby authorized to be appropriated to the President for the fiscal year 1955, \$88,570,000 for technical cooperation programs in the Near East, Africa, South Asia, and Far East and Pacific, and \$28,500,000 for such programs in Latin America. In addition, unexpended balances of appropriations heretofore made pursuant to section 543 of the Mutual Security Act of 1951, as amended, are authorized to be continued available for the purposes of this section through June 30, 1955, and to be consolidated with the appropriation authorized by this section.

(b) *There is hereby authorized to be appropriated to the President for the fiscal year 1956 not to exceed \$146,500,000 for technical cooperation programs in the Near East and Africa, Asia and Latin America.*

SEC. 305. LIMITATION ON USE OF FUNDS.—Funds made available under section 304 may be expended to furnish assistance in the form of equipment or commodities only where necessary for instruction or demonstration purposes.

SEC. 306. MULTILATERAL TECHNICAL COOPERATION.—As one means of accomplishing the purposes of this title, the United States is authorized to participate in multilateral technical cooperation programs carried on by the United Nations, the Organization of American States, their related organizations, and other international organizations, wherever practicable. There is hereby authorized to be appropriated to carry out the purpose of this section, in addition to the amounts authorized by section 304, not to exceed—

(a) \$17,958,000 for making contributions to the United Nations Expanded Program of Technical Assistance; *in addition, \$24,000,000 for the fiscal year 1956 for contributions to the United Nations Expanded Program of Technical Assistance;*

(b) \$1,500,000 for making contributions to the technical cooperation program of the Organization of American States; *in addition, \$1,500,000 for the fiscal year 1956 for contributions to the technical cooperation programs of the Organization of American States.*

SEC. 307. ADVANCES AND GRANTS; CONTRACTS.—The President may make advances and grants-in-aid of technical cooperation programs to any person, corporation, or other body of persons or to any foreign government agency. The President may make and perform contracts and agreements in respect of technical cooperation programs on behalf of the United States Government with any person, corporation, or other body of persons however designated, whether within or without the United States, or with any foreign government or foreign government agency. A contract or agreement which entails commitments for the expenditure of funds appropriated pursuant to this title may, subject to any future action of the Congress, run for not to exceed three years.



SEC. 308. INTERNATIONAL DEVELOPMENT ADVISORY BOARD.—There shall be an advisory board, referred to in this section as the “Board”, which shall advise and consult with the President, or such other officer as he may designate to administer this title, with respect to general or basic policy matters arising in connection with the operation of programs authorized by this title, title II, and section 413 (b). The Board shall consist of not more than thirteen members appointed by the President, one of whom, by and with the advice and consent of the Senate, shall be appointed by him as chairman. The members of the Board shall be broadly representative of voluntary agencies and other groups interested in the programs, including business, labor, agriculture, public health, and education. All members of the Board shall be citizens of the United States; none except the chairman shall be an officer or an employee of the United States (including any United States Government agency) who as such regularly receives compensation for current services. Members of the Board, other than the chairman if he is an officer of the United States Government, shall receive out of funds made available for the purpose of this title a per diem allowance of \$50 for each day spent away from their homes or regular places of business for the purpose of attendance at meetings of the Board or at conferences held upon the call of the chairman, and in necessary travel, and while so engaged they may be paid actual travel expenses and not to exceed \$10 per diem, *or at the applicable rate prescribed in the Standardized Government Travel Regulations, as amended from time to time, whichever is higher*, in lieu of subsistence and other expenses.

#### TITLE IV—OTHER PROGRAMS

SEC. 401. SPECIAL FUND.—(a) Of the funds made available under this Act, not to exceed **[\$150,000,000]** *\$50,000,000, in addition to the funds authorized to be appropriated under subsection (b) hereof*, may be used in any fiscal year, without regard to the requirements of this Act or any other Act for which funds are authorized by this Act, in furtherance of any of the purposes of such Acts, when the President determines that such use is important to the security of the United States. Not to exceed \$100,000,000 of the funds available under this section may be expended for any selected persons who are residing in or escapees from the Soviet Union, Poland, Czechoslovakia, Hungary, Rumania, Bulgaria, Albania, Lithuania, Latvia, and Estonia or the Communist-dominated or Communist-occupied areas of Germany and Austria, or any Communist-dominated or Communist-occupied areas of Asia and any other countries absorbed by the Soviet Union, either to form such persons into elements of the military forces supporting the North Atlantic Treaty Organization or for other purposes, when the President determines that such assistance will contribute to the defense of the North Atlantic area or to the security of the United States. Certification by the President that he has expended amounts under this **[section]** Act not in excess of \$50,000,000, and that it is inadvisable to specify the nature of such expenditures, shall be deemed a sufficient voucher for such amounts. Not more than \$20,000,000 of the funds available under this section may be allocated to any one nation in any fiscal year.



(b) *There is hereby authorized to be appropriated to the President for the fiscal year 1956 \$100,000,000 for use in accordance with subsection (a) of this section.*

SEC. 402. EARMARKING OF FUNDS.—Of the funds authorized to be made available pursuant to this Act not less than **[\$350,000,000]** \$600,000,000 shall be used to finance the export and sale for foreign currencies of surplus agricultural commodities or products thereof produced in the United States, in addition to surplus agricultural commodities or products transferred pursuant to the Agricultural Trade Development and Assistance Act of 1954, and in accordance with the standards as to pricing and the use of private trade channels expressed in section 101 of said Act. Foreign currency proceeds accruing from such sales shall be used for the purposes of this Act and with particular emphasis on the purposes of section 104 of the Agricultural Trade Development and Assistance Act of 1954 which are in harmony with the purposes of this Act. Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, the President may use or enter into agreements with friendly nations or organizations of nations to use for such purposes the foreign currencies which accrue to the United States under this section.

SEC. 403. SPECIAL ASSISTANCE IN JOINT CONTROL AREAS.—(a) The President is hereby authorized to furnish commodities, services, and financial and other assistance to nations and areas for which the United States has responsibility *at the time of the enactment of this Act* as a result of participation in joint control arrangements where found by the President to be in the interest of the security of the United States. There is hereby authorized to be appropriated to the President for the fiscal year 1955 not to exceed \$25,000,000 to carry out this section.

(b) *There is hereby authorized to be appropriated to the President for the fiscal year 1956 not to exceed \$21,000,000 to carry out this section.*

SEC. 404. RESPONSIBILITIES IN GERMANY.—Upon approval by the Secretary of State, a part of the German currency now or hereafter deposited under the bilateral agreement of December 15, 1949, between the United States and the Federal Republic of Germany (or any supplementary or succeeding agreement) shall be deposited in the GARIOA (Government and Relief in Occupied Areas) Special Account under the terms of article V of that agreement, and currency which has been or may be deposited in said account, and any portion of funds made available for assistance to the Federal Republic of Germany pursuant to section 403 of this Act, may be used for expenses necessary to meet the responsibilities or objectives of the United States in Germany, including responsibilities arising under the supreme authority assumed by the United States on June 5, 1945, and under contractual arrangements with the Federal Republic of Germany. Expenditures may be made under authority of this section in amounts and under conditions determined by the Secretary of State after consultation with the official primarily responsible for administration of programs under chapter 3 of title I, and without regard to any provision of law which the President determines must be disregarded in order to meet such responsibilities or objectives.

SEC. 405. **[MOVEMENT OF MIGRANTS AND REFUGEES]** *MIGRANTS, REFUGEES, AND ESCAPEES.*—(a) The President is hereby authorized

to continue membership for the United States on the Intergovernmental Committee for European Migration in accordance with its constitution approved in Venice, Italy, on October 19, 1953. For the purpose of assisting in the movement of migrants, there is hereby authorized to be appropriated not to exceed \$11,189,190 for contributions during the calendar year 1955 to the Intergovernmental Committee for European Migration, *and for the fiscal year 1956 not to exceed \$12,500,000 for contributions to the Committee*, and thereafter such amounts as may be necessary from time to time for the payment by the United States of its contributions to the Committee and all necessary salaries and expenses incident to United States participation in the Committee. In addition, the unexpended balance of the appropriation made pursuant to section 534 of the Mutual Security Act of 1951, as amended, is hereby authorized to be continued available for the purpose of this subsection through June 30, 1955, and to be consolidated with the appropriation authorized in this subsection.

(b) Of the funds made available under this Act, not more than \$800,000 may be used by the President to facilitate the migration to the other American Republics of persons resident in that portion of the Ryukyu Island Archipelago under United States control.

(e) [There is hereby authorized to be appropriated for the fiscal year 1955 not to exceed \$500,000 for contributions to the United Nations Refugee Emergency Fund.] *There is hereby authorized to be appropriated for the fiscal year 1956 not to exceed \$1,400,000 for contributions to the United Nations Refugee Fund.*

(d) *There is hereby authorized to be appropriated to the President for the fiscal year 1956 not to exceed \$6,000,000 for continuation of activities, including care, training, and resettlement, which have been undertaken for selected escapees under section 401 of this Act.*

SEC. 406. CHILDREN'S WELFARE.—(a) There is hereby authorized to be appropriated not to exceed \$13,500,000 for contributions during the fiscal year 1955 to the United Nations Children's Fund.

(b) *There is hereby authorized to be appropriated for the fiscal year 1956 not to exceed \$14,500,000 for contributions to the United Nations Children's Fund.*

SEC. 407. PALESTINE REFUGEES IN THE NEAR EAST.—(a) There is hereby authorized to be appropriated to the President for the fiscal year 1955, not to exceed \$30,000,000, to be used to make contributions to the United Nations Relief and Works Agency for Palestine Refugees in the Near East. In addition, the unexpended balance of the appropriation made for the Palestine refugee program in the Mutual Security Appropriation Act, 1954, is hereby authorized to be continued available for the purpose of this section through June 30, 1955. Whenever the President shall determine that it would more effectively contribute to the relief, rehabilitation, and resettlement of Palestine refugees in the Near East, he may expend any part of the funds made available pursuant to this section through any other agency he may designate.

(b) *There is hereby authorized to be appropriated to the President for the fiscal year 1956 not to exceed \$65,000,000 to be used to make contributions to the United Nations Relief and Works Agency for Palestine Refugees in the Near East.*

SEC. 408. NORTH ATLANTIC TREATY ORGANIZATION.—(a) In order to provide for United States participation in the North Atlantic



Treaty Organization, there is hereby authorized to be appropriated for the fiscal year 1955 not to exceed \$3,200,000, *and for the fiscal year 1956 not to exceed \$3,700,000*, for payment by the United States of its share of the expenses of the Organization, and thereafter such amounts as may be necessary from time to time for the payment by the United States of its share of the expenses of the Organization and all necessary salaries and expenses of the United States permanent representative to the Organization, of such persons as may be appointed to represent the United States in the subsidiary bodies of the Organization or in any multilateral organization which participates in achieving the aims of the North Atlantic Treaty, and of their appropriate staffs, and the expenses of participation in meetings of such organizations, including salaries, expenses, and allowances of personnel and dependents as authorized by the Foreign Service Act of 1946, as amended (22 U. S. C. 801), and allowances and expenses as provided in section 6 of the Act of July 30, 1946 (22 U. S. C. 287r).

(b) The United States permanent representative to the North Atlantic Treaty Organization shall be appointed by the President by and with the advice and consent of the Senate and shall hold office at the pleasure of the President. Such representative shall have the rank and status of ambassador extraordinary and plenipotentiary and shall be a chief of mission, class 1, within the meaning of the Foreign Service Act of 1946, as amended (22 U. S. C. 801).

(c) Persons detailed to the international staff of the North Atlantic Treaty Organization in accordance with section 529 of this Act who are appointed as Foreign Service Reserve officers may serve for periods of more than four years notwithstanding the limitation in section 522 of the Foreign Service Act of 1946, as amended (22 U. S. C. 922).

SEC. 409. OCEAN FREIGHT CHARGES.—(a) In order to further the efficient use of United States voluntary contributions for relief and rehabilitation in nations and areas eligible for assistance under this Act, the President may pay ocean freight charges from United States ports to designated ports of entry of such nations and areas on shipments by United States voluntary nonprofit relief agencies registered with and approved by the Advisory Committee on Voluntary Foreign Aid and shipments by the American Red Cross.

(b) Where practicable the President shall make arrangements with the receiving nation for free entry of such shipments and for the making available by that nation of local currencies for the purpose of defraying the transportation cost of such shipments from the port of entry of the receiving nation to the designated shipping point of the consignee.

(c) There is hereby authorized to be appropriated to the President for the fiscal year 1955 not to exceed \$4,400,000 to carry out the purposes of this section; and, in addition, unexpended balances of appropriations heretofore made pursuant to section 535 of the Mutual Security Act of 1951, as amended, are authorized to be continued available for the purposes of this section through June 30, 1955, and to be consolidated with the appropriation authorized in this section. *There is hereby authorized to be appropriated to the President for the fiscal year 1956 not to exceed \$2,000,000 to carry out the purposes of this section.*



(d) **[In addition, any funds made available under this Act may be used, in amounts determined by the President, to pay ocean freight charges on shipments of surplus agricultural commodities, including commodities made available pursuant to any Act for the disposal abroad of United States agricultural surpluses.]** *There is hereby authorized to be appropriated to the President for the fiscal year 1956 not to exceed \$13,000,000 to pay ocean freight charges on shipments of surplus agricultural commodities, including commodities made available pursuant to any Act for the disposal abroad of United States agricultural surpluses. In addition, any funds made available under this Act may be used, in amounts determined by the President, for the purposes of this subsection.*

SEC. 410. **CONTROL ACT EXPENSES.**—There is hereby authorized to be appropriated to the President for the fiscal year 1955 not to exceed \$1,300,000, and for the fiscal year 1956 not to exceed \$1,175,000, for carrying out the objectives of the Mutual Defense Assistance Control Act of 1951 (22 U. S. C. 1611). In addition, in accordance with section 303 of that Act, funds made available for carrying out chapter 1 of title I of this Act shall be available for carrying out the purpose of this section in such amounts as the President may direct.

SEC. 411. **[ADMINISTRATIVE EXPENSES]** *ADMINISTRATIVE AND OTHER EXPENSES.*—(a) Whenever possible, the expenses of administration of this Act shall be paid for in the currency of the nation where the expense is incurred.

(b) **[There is hereby authorized to be appropriated to the President for the fiscal year 1955 not to exceed \$34,700,000 for all necessary administrative expenses incident to carrying out the provisions of this Act other than chapter 1 of title I, including expenses for compensation, allowances and travel of personnel, including Foreign Service personnel whose services are utilized primarily for the purposes of this Act, and, without regard to the provisions of any other law, for printing and binding, and for expenditures outside the continental limits of the United States for the procurement of supplies and services and for other administrative purposes (other than compensation of personnel) without regard to such laws and regulations governing the obligation and expenditure of Government funds as may be necessary to accomplish the purposes of this Act.]** *There is hereby authorized to be appropriated to the President for the fiscal year 1955 not to exceed \$34,700,000, and for the fiscal year 1956 not to exceed \$35,225,000, for all necessary administrative expenses incident to carrying out the provisions of this Act other than chapter 1 of title I and section 124.*

(c) *Funds made available for the purposes of this Act may be used for compensation, allowances and travel of personnel, including Foreign Service personnel whose services are utilized primarily for the purposes of this Act, and without regard to the provisions of any other law, for printing and binding, and for expenditures outside the continental limits of the United States for the procurement of supplies and services and for other administrative and operating purposes (other than compensation of personnel) without regard to such laws and regulations governing the obligation and expenditure of government funds as may be necessary to accomplish the purposes of this Act.*

SEC. 412. **CHINESE AND KOREAN STUDENTS.**—Funds heretofore allocated to the Secretary of State pursuant to the last proviso of section 202 of the China Area Aid Act of 1950 (22 U. S. C. 1547) shall continue

to be available until expended, under such regulations as the Secretary of State may prescribe, using private agencies to the maximum extent practicable, for necessary expenses of tuition, subsistence, transportation, and emergency medical care for selected citizens of China and of Korea for studying or teaching in accredited colleges, universities, or other educational institutions in the United States approved by the Secretary of State for the purpose, or for research and related academic and technical activities in the United States, and such selected citizens of China who have been admitted for the purpose of study in the United States shall be granted permission to accept employment upon application filed with the Commissioner of Immigration and Naturalization pursuant to regulations promulgated by the Attorney General.

SEC. 413. ENCOURAGEMENT OF FREE ENTERPRISE AND PRIVATE PARTICIPATION.—(a) The Congress recognizes the vital role of free enterprise in achieving rising levels of production and standards of living essential to the economic progress and defensive strength of the free world. Accordingly, it is declared to be the policy of the United States to encourage the efforts of other free nations to increase the flow of international trade, to foster private initiative and competition, to discourage monopolistic practices, to improve the technical efficiency of their industry, agriculture and commerce, and to strengthen free labor unions; and to encourage the contribution of United States enterprise toward the economic strength of other free nations, through private trade and investment abroad, private participation in the programs carried out under this Act (including the use of private trade channels to the maximum extent practicable in carrying out such programs), and exchange of ideas and technical information on the matters covered by this section.

(b) In order to encourage and facilitate participation by private enterprise to the maximum extent practicable in achieving any of the purposes of this Act, the President—

(1) shall make arrangements to find and draw the attention of private enterprise to opportunities for investment and development in other free nations;

(2) shall accelerate a program of negotiating treaties for commerce and trade, including tax treaties, which shall include provisions to encourage and facilitate the flow of private investment to nations participating in programs under this Act;

(3) shall, consistent with the security and best interests of the United States, seek compliance by other countries or a dependent area of any country with all treaties for commerce and trade and taxes and shall take all reasonable measures under this Act or other authority to secure compliance therewith and to assist United States citizens in obtaining just compensation for losses sustained by them or payments exacted from them as a result of measures taken or imposed by any country or dependent area thereof in violation of any such treaty; and

(4) may make, until June 30, 1957, under rules and regulations prescribed by him, guaranties to any person of investments in connection with projects, including expansion, modernization, or development of existing enterprises, in any nation with which the United States has agreed to institute the guaranty program: *Provided, That—*



(A) such projects shall be approved by the President as furthering any of the purposes of this Act, and by the nation concerned;

(B) the guaranty to any person shall be limited to assuring any or all of the following:

(i) the transfer into United States dollars of other currencies, or credits in such currencies, received by such person as earnings or profits from the approved project, as repayment or return of the investment therein, in whole or in part, or as compensation for the sale or disposition of all or any part thereof;

(ii) the compensation in United States dollars for loss of all or any part of the investment in the approved project which shall be found by the President to have been lost to such person by reason of expropriation or confiscation by action of the government of a foreign nation;

(C) when any payment is made to any person pursuant to a guaranty as hereinbefore described, the currency, credits, assets, or investment on account of which such payment is made shall become the property of the United States Government, and the United States Government shall be subrogated to any right, title, claim or cause of action existing in connection therewith;

(D) the guaranty to any person shall not exceed the amount of dollars invested in the project by such person with the approval of the President plus actual earnings or profits on said project to the extent provided by such guaranty, and shall be limited to a term not exceeding twenty years from the date of issuance;

(E) a fee shall be charged in an amount not exceeding 1 per centum per annum of the amount of each guaranty under clause (i) of subparagraph (B), and not exceeding 4 per centum per annum of the amount of each guaranty under clause (ii) of such subparagraph, and all fees collected hereunder shall be available for expenditure in discharge of liabilities under guaranties made under this section until such time as all such liabilities have been discharged or have expired, or until all such fees have been expended in accordance with the provisions of this section;

(F) the President is authorized to issue guaranties up to a total of \$200,000,000: *Provided*, That any funds allocated to a guaranty and remaining after all liability of the United States assumed in connection therewith has been released, discharged, or otherwise terminated, shall be available for allocation to other guaranties, the foregoing limitation notwithstanding. Any payments made to discharge liabilities under guaranties issued under this subsection shall be paid out of fees collected under subparagraph (E) as long as such fees are available, and thereafter shall be paid out of funds realized from the sale of notes which have been issued under authority of paragraph 111 (c) (2) of the Economic Cooperation Act of 1948, as amended, when necessary to discharge liabilities under any such guaranty;



(G) the guaranty program authorized by this paragraph shall be used to the maximum practicable extent and shall be administered under broad criteria so as to facilitate and increase the participation of private enterprise in achieving any of the purposes of this Act;

(H) as used in this paragraph—

(i) the term “person” means a citizen of the United States or any corporation, partnership, or other association created under the law of the United States or of any State or Territory and substantially beneficially owned by citizens of the United States, and

(ii) the term “investment” includes any contribution of capital goods, materials, equipment, services, patents, processes, or techniques by any person in the form of (1) a loan or loans to an approved project, (2) the purchase of a share of ownership in any such project, (3) participation in royalties, earnings, or profits of any such project, and (4) the furnishing of capital goods items and related services pursuant to a contract providing for payment in whole or in part after the end of the fiscal year in which the guaranty of such investment is made.

SEC. 414. MUNITIONS CONTROL.—(a) The President is authorized to control, in furtherance of world peace and the security and foreign policy of the United States, the export and import of arms, ammunition, and implements of war, including technical data relating thereto, other than by a United States Government agency. The President is authorized to designate those articles which shall be considered as arms, ammunition, and implements of war, including technical data relating thereto, for the purposes of this section.

(b) As prescribed in regulations issued under this section, every person who engages in the business of manufacturing, exporting, or importing any arms, ammunition, or implements of war, including technical data relating thereto, designated by the President under subsection (a) shall register with the United States Government agency charged with the administration of this section, and, in addition, shall pay a registration fee which shall be prescribed by such regulations.

(c) Any person who willfully violates any provision of this section or any rule or regulation issued under this section, or who willfully, in a registration or license application, makes any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading, shall upon conviction be fined not more than \$25,000 or imprisoned not more than two years, or both.

SEC. 415. ASSISTANCE TO INTERNATIONAL ORGANIZATION.—Whenever it will assist in achieving purposes declared in this Act, the President is authorized to use funds available under sections 131 and 403 in order to furnish assistance, including by transfer of funds, directly to the North Atlantic Treaty Organization, for a strategic stockpile of foodstuffs and other supplies, or for other purposes.

SEC. 416. FACILITATION AND ENCOURAGEMENT OF TRAVEL.—The President, through such officer or commission as he may designate, shall facilitate and encourage, without cost to the United States except

for administrative expenses, the promotion and development of travel by citizens of the United States to and within countries receiving assistance under this Act and travel by citizens of such countries to the United States.

SEC. 417. IRISH COUNTERPART.—Pursuant to section 115 (b) (6) of the Economic Cooperation Act of 1948, as amended, the disposition within Ireland of the unencumbered balance, in the amount of approximately 6,000,000 Irish pounds, of the special account of Irish funds established under article IV of the Economic Cooperation Agreement between the United States of America and Ireland, dated June 28, 1948, for the purposes of—

(1) scholarship exchange between the United States and Ireland;

(2) other programs and projects (including the establishment of an Agricultural Institute) to improve and develop the agricultural production and marketing potential of Ireland and to increase the production and efficiency of Irish industry; and

(3) development programs and projects in aid of the foregoing objectives,

is hereby approved, as provided in the agreement between the Government of the United States of America and the Government of Ireland, dated June 17, 1954.

SEC. 418. PRESIDENT'S FUND FOR ASIAN ECONOMIC DEVELOPMENT.—

(a) *The Congress of the United States reaffirms the policy of the United States to contribute to international peace and security through assisting the peoples of free Asia in their efforts to attain economic and social well-being, to safeguard basic rights and liberties, and to protect their security and independence. The Congress hereby recognizes that fundamental to these goals is an expanding economic growth of the free Asia area based upon self-help and mutual cooperation and full utilization of already existing resources and knowledge. The Congress expresses the willingness of the people of the United States to support the foregoing objectives to the extent to which the countries in the area continue to make effective use of their own resources and external resources otherwise available to them.*

(b) *In order to carry out the purposes of this section, there is hereby authorized to be established a fund, to be known as the "President's Fund for Asian Economic Development" (hereinafter referred to as "the Fund"), and there is hereby authorized to be appropriated to the President for the Fund an amount of \$200,000,000, such amount to remain available until June 30, 1958.*

(c) *The President is authorized to utilize the appropriations made available for the Fund to accomplish in the free Asian area the policies and purposes declared in this Act and to disburse them on such terms and conditions, including transfer of funds, as he may specify to any person, corporation or other body of persons however designated, or to any foreign government, agency, or organization or group of governments or agencies as may be appropriate: Provided, however, That not less than 50 per centum of the funds appropriated pursuant to this section shall be available only for furnishing assistance on terms of repayment in accordance with the provisions of section 505, and not more than 25 per centum of said funds may be allocated for assistance to any one nation.*



(d) *In utilizing the Fund the President shall give preference to projects or programs that will clearly contribute to promoting greater economic strength in the area as a whole or among a group or groups of countries of the area.*

## TITLE V—MISCELLANEOUS PROVISIONS

### CHAPTER 1. GENERAL PROVISIONS

SEC. 501. TRANSFERABILITY OF FUNDS.—Whenever the President determines it to be necessary for the purposes of this Act, not to exceed 10 per centum of the funds made available pursuant to any provision of this Act may be transferred *in any fiscal year* to and consolidated with the funds made available pursuant to any other provision of this Act, and may be used for any of the purposes for which such funds may be used, except that the total in the provision for the benefit of which the transfer is made shall not be increased *in any fiscal year* by more than 20 per centum of the amount made available for such provision pursuant to this Act. Funds transferred under this section to furnish military assistance under chapter 1 of title I may be expended without regard to the area limits imposed by section 105 (c). [Of any funds transferred under this section for the purpose of furnishing assistance under section 201, 30 per centum shall be available only for furnishing assistance on terms of repayment in accordance with section 505. Not less than 50 per centum of any assistance furnished under paragraph (1), (2), or (3) of section 201 (a) with funds transferred under this section shall be furnished on terms of repayment in accordance with section 505.]

SEC. 502. USE OF FOREIGN CURRENCY.—(a) Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, proceeds of sales made under section 550 of the Mutual Security Act of 1951, as amended, shall remain available and shall be used for any of the purposes of this Act, giving particular regard to the following purposes—

(1) for providing military assistance to nations or mutual defense organizations eligible to receive assistance under this Act;

(2) for purchase of goods or services in friendly nations;

(3) for loans, under applicable provisions of this Act, to increase production of goods or services, including strategic materials, needed in any nation with which an agreement was negotiated, or in other friendly nations, with the authority to use currencies received in repayment for the purposes stated in this section or for deposit to the general account of the Treasury of the United States;

(4) for developing new markets on a mutually beneficial basis;

(5) for grants-in-aid to increase production for domestic needs in friendly countries; and

(6) for purchasing materials for United States stockpiles.

(b) Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, local currencies owned by the United States shall be made available to appropriate committees of the Congress engaged in carrying out their duties under section 136 of the Legislative Reorganization Act of 1946, as amended,



and to the Joint Committee on Atomic Energy and the Joint Committee on the Economic Report, for their local currency expenses: *Provided*, That any such committee of the Congress which uses local currency shall make a full report thereof to the Committee on House Administration of the House of Representatives (if the committee using such currency is a committee of the House of Representatives) or to the Committee on Rules and Administration of the Senate (if the committee using such currency is a committee of the Senate or a joint committee of the Congress), showing the total amount of such currency so used in each country and the purposes for which it was expended.

SEC. 503. TERMINATION OF ASSISTANCE.—(a) If the President determines that the furnishing of assistance to any nation under any provision of this Act—

(1) is no longer consistent with the national interest or security or the foreign policy of the United States; or

(2) would no longer contribute effectively to the purposes for which such assistance is furnished; or

(3) is no longer consistent with the obligations and responsibilities of the United States under the Charter of the United Nations,

he shall terminate all or part of any assistance furnished pursuant to this Act. If the President determines that any nation which is receiving assistance under chapter 1 of title I of this Act is not making its full contribution to its own defense or to the defense of the area of which it is a part, he shall terminate all or part of such assistance. Assistance to any nation under any provision of this Act may, unless sooner terminated by the President, be terminated by concurrent resolution. Funds made available under this Act shall remain available for twelve months from the date of termination under this subsection for the necessary expenses of liquidating assistance programs.

[(b) (1) After June 30, 1955, none of the authority conferred by this Act may be exercised for the purpose of carrying out any function authorized by title II; except that during the twelve months following such date (i) funds which have been obligated on or before that date shall remain available for expenditure, (ii) equipment, materials, commodities, and services with respect to which funds have been obligated on or before such date for procurement for, shipment to, or delivery in a recipient country may be transferred to such country, and (iii) funds appropriated under authority of this Act may be obligated (A) for the necessary expenses of procurement, shipment, delivery, and other activities essential to such transfer and (B) for the necessary expenses of liquidating operations incident to such functions.

[(2) At such time as the President shall find appropriate, the powers, duties, and authority conferred by this Act with respect to such function may be transferred for the purpose of liquidation to such other United States Government agencies as the President shall specify, and the relevant funds, records, property, and personnel may be transferred to the agencies to which the related functions are transferred.]

[(c) (b) Unless sooner abolished under section 525, the Foreign Operations Administration shall cease to exist at the close of June 30, 1955.

SEC. 504. SMALL BUSINESS.—(a) Insofar as practicable and to the maximum extent consistent with the accomplishment of the purposes of this Act, the President shall assist American small business to participate equitably in the furnishing of commodities and services financed with funds authorized under titles II, III, and IV, and chapters 2 and 3 of title I, of this Act—

(1) by causing to be made available to suppliers in the United States and particularly to small independent enterprises, information, as far in advance as possible, with respect to purchases proposed to be financed with such funds.

(2) by causing to be made available to prospective purchasers in the nations receiving assistance under this Act information as to commodities and services produced by small independent enterprises in the United States, and

(3) by providing for additional services to give small business better opportunities to participate in the furnishing of commodities and services financed with such funds.

(b) There shall be an Office of Small Business, headed by a Special Assistant for Small Business, in such United States Government agency as the President may direct, to assist in carrying out the provisions of subsection (a) of this section.

(c) The Secretary of Defense shall assure that there is made available to suppliers in the United States, and particularly to small independent enterprises, information with respect to purchases made by the Department of Defense pursuant to chapter 1 of title I, such information to be furnished as far in advance as possible.

SEC. 505. LOAN ASSISTANCE AND SALES.—(a) Assistance under this Act may be furnished on a grant basis or on such terms, including cash, credit, or other terms of repayment (including repayment in foreign currencies or by transfer to the United States of materials required for stockpiling or other purposes) as may be determined to be best suited to the achievement of the purposes of this Act. *Whenever commodities or services are sold for foreign currencies the President, notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, may use or enter into arrangements with friendly nations or organizations of nations to use such currencies for the purposes for which the funds providing the commodities or services which generated the currencies were appropriated.*

(b) Of the funds made available pursuant to this Act and foreign currencies accruing to the United States under section 402, the equivalent of not less than \$200,000,000 shall be available only for the furnishing of assistance on terms of repayment. Funds for the purpose of furnishing assistance on terms of repayment shall be allocated to the Export-Import Bank of Washington, which shall, notwithstanding the provisions of the Export-Import Bank Act of 1945 (59 Stat. 526), as amended, make and administer the credit on such terms. Credits made by the Export-Import Bank of Washington with funds so allocated to it shall not be considered in determining whether the Bank has outstanding at any one time loans and guaranties to the extent of the limitation imposed by section 7 of the Export-Import Bank Act of 1945 (59 Stat. 529), as amended. Amounts received in repayment of principal and interest on any loan made under this section shall be held by the Treasury to be used for such purposes, including further loans, as may be authorized from time to



time by Congress. Amounts received in repayment of principal and interest on any credits made under paragraph 111 (c) (2) of the Economic Cooperation Act of 1948, as amended, shall be deposited into miscellaneous receipts of the Treasury, except that, to the extent required for such purpose, amounts received in repayment of principal and interest on any credits made out of funds realized from the sale of notes heretofore authorized to be issued for the purpose of financing assistance on a credit basis under paragraph 111 (c) (2) of the Economic Cooperation Act of 1948, as amended, shall be deposited into the Treasury for the purpose of the retirement of such notes.

SEC. 506. PATENTS AND TECHNICAL INFORMATION.—(a) As used in this section—

(1) the term “invention” means an invention or discovery covered by a patent issued by the United States; and

(2) the term “information” means information originated by or peculiarly within the knowledge of the owner thereof and those in privity with him, which is not available to the public and is subject to protection as property under recognized legal principles.

(b) Whenever, in connection with the furnishing of any assistance in furtherance of the purposes of this Act—

(1) use within the United States, without authorization by the owner, shall be made of an invention; or

(2) damage to the owner shall result from the disclosure of information by reason of acts of the United States or its officers or employees,

the exclusive remedy of the owner of such invention or information shall be by suit against the United States in the Court of Claims or in the District Court of the United States for the district in which such owner is a resident for reasonable and entire compensation for unauthorized use or disclosure. In any such suit the United States may avail itself of any and all defenses, general or special, that might be pleaded by any defendant in a like action.

(c) Before such suit against the United States has been instituted, the head of the appropriate United States Government agency, which has furnished any assistance in furtherance of the purposes of this Act, is authorized and empowered to enter into an agreement with the claimant, in full settlement and compromise of any claim against the United States hereunder.

(d) The provisions of the last sentence of section 1498 of title 28 of the United States Code shall apply to inventions and information covered by this section.

(e) Except as otherwise provided by law, no recovery shall be had for any infringement of a patent committed more than six years prior to the filing of the complaint or counterclaim for infringement in the action, except that the period between the date of receipt by the Government of a written claim under subsection (c) above for compensation for infringement of a patent and the date of mailing by the Government of a notice to the claimant that his claim has been denied shall not be counted as part of the six years, unless suit is brought before the last-mentioned date.

SEC. 507. AVAILABILITY OF FUNDS.—Except as otherwise provided in sections 104 (pertaining to infrastructure), 405 (pertaining to



movement of migrants), 408 (a) (pertaining to North Atlantic Treaty Organization), and 412 (pertaining to Chinese and Korean students), funds shall be available to carry out the provisions of this Act (other than sections 414 and 416) as authorized and appropriated to the President each fiscal year.

SEC. 508. LIMITATION ON FUNDS FOR PROPAGANDA.—None of the funds herein authorized to be appropriated nor any counterpart funds shall be used to pay for personal services or printing, or for other expenses of the dissemination within the United States of general propaganda in support of the mutual security program, or to pay the travel or other expenses outside the United States of any citizen or group of citizens of the United States for the purpose of publicizing such program within the United States.

SEC. 509. SHIPPING ON UNITED STATES VESSELS.—Such steps as may be necessary shall be taken to assure, as far as practicable, that at least 50 per centum of the gross tonnage of commodities, materials and equipment procured out of funds made available under sections 103, 123, 131, 132 (a), 201, 304, and 403 of this Act and transported to or from the United States on ocean vessels, computed separately for dry bulk carriers, dry cargo liner and tanker services and computed separately for section 103, and for sections 123, 131, 132 (a), 201, 304, and 403 (taken together) is so transported on United States flag commercial vessels to the extent such vessels are available at market rates for United States flag commercial vessels provided such rates are fair and reasonable; and, in the administration of this provision, steps shall be taken, insofar as practicable and consistent with the purposes of this Act, to secure a fair and reasonable participation by United States flag commercial vessels in cargoes by geographic area. *The ocean transportation between foreign countries of commodities, materials and equipment procured out of local currency funds made available or derived from funds made available under this Act shall not be governed by the provisions of Section 901 (b) of the Merchant Marine Act of 1936, or any other law relating to the ocean transportation of commodities, materials and equipment on United States flag vessels.*

SEC. 510. PURCHASE OF COMMODITIES.—No funds made available under title II or chapter 3 of title I of this Act shall be used for the purchase in bulk of any commodities at prices higher than the market price prevailing in the United States at the time of the purchase adjusted for differences in the cost of transportation to destination, quality, and terms of payment. A bulk purchase within the meaning of this section does not include the purchase of raw cotton in bales. Funds made available under title II or chapter 3 of title I of this Act may be used for the procurement of commodities outside the United States unless the President determines that such procurement will result in adverse effects upon the economy of the United States, with special reference to any areas of labor surplus, or upon the industrial mobilization base, which outweigh the economic advantages to the United States of less costly procurement abroad. In providing for the procurement of any surplus agricultural commodity for transfer by grant under this Act to any recipient nation in accordance with the requirements of such nation, the President shall, insofar as practicable and where in furtherance of the purposes of this Act, authorize the procurement of such surplus agricultural commodity only within the United States except to the extent that any such

surplus agricultural commodity is not available in the United States in sufficient quantities to supply the requirements of the nations receiving assistance under this Act.

SEC. 511. RETENTION AND RETURN OF EQUIPMENT.—(a) No equipment or materials may be transferred under title I out of military stocks if the Secretary of Defense, after consultation with the Joint Chiefs of Staff, determines that such transfer would be detrimental to the national security of the United States, or that such equipment or materials are needed by the reserve components of the Armed Forces to meet their training requirements.

(b) Any equipment, materials, or commodities procured to carry out this Act shall be retained by, or, upon reimbursement, transferred to and for the use of, such United States Government agency as the President may determine in lieu of being disposed of to a foreign nation or international organization whenever in the judgment of the President the best interests of the United States will be served thereby, or whenever such retention is called for by concurrent resolution. Any commodities so retained may be disposed of without regard to provisions of law relating to the disposal of Government-owned property, when necessary to prevent spoilage or wastage of such commodities or to conserve the usefulness thereof. Funds realized from any such disposal or transfer shall revert to the respective appropriation or appropriations out of which funds were expended for the procurement of such equipment, materials, or commodities or to appropriations currently available for such procurement.

(c) The President shall make appropriate arrangements with each nation receiving equipment or materials under chapter 1 of title I (other than equipment or materials sold under the provisions of section 106) for the return to the United States (1) for salvage or scrap, or (2) for such other disposition as the President shall deem to be in the interest of mutual security, of any such equipment or materials which are no longer required for the purposes for which originally made available.

SEC. 512. PENAL PROVISION.—Whoever offers or gives to anyone who is or in the preceding two years has been an employee or officer of the United States any commission, payment, or gift, in connection with the procurement of equipment, materials, commodities, or services under this Act in connection with which procurement said officer, employee, former officer or former employee is or was employed or performed duty or took any action during such employment, and whoever, being or having been an employee or officer of the United States in the preceding two years, solicits, accepts, or offers to accept any commission, payment, or gift in connection with the procurement of equipment, materials, commodities, or services under this Act in connection with which procurement said officer, employee, former officer or former employee is or was employed or performed duty or took any action during such employment, shall upon conviction thereof be subject to a fine of not to exceed \$10,000 or imprisonment for not to exceed three years, or both: *Provided*, That this section shall not apply to persons appointed pursuant to sections 308 or 530 (a) of this Act.

SEC. 513. NOTICE TO LEGISLATIVE COMMITTEES.—When any transfer is made under section 105 (d) or section 501, or any other action is taken under this Act which will result in furnishing assistance of a



kind, for a purpose, or to an area, substantially different from that included in the presentation to the Congress during its consideration of this Act, or which will result in expenditures greater by 50 per centum or more than the proposed expenditures included in such presentation for the program concerned, the President or such officer as he may designate shall promptly notify the Committee on Foreign Relations of the Senate, the Committee on Foreign Affairs of the House of Representatives and, when military assistance is involved, the Committees on Armed Services of the Senate and House of Representatives, stating the justification for such change. Notice shall also be given to the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives of any determination under the first sentence of section 401 (except with respect to unvouchered funds), and copies of any certification as to loyalty under section 531 shall be filed with such committees.

SEC. 514. INTERNATIONAL EDUCATIONAL EXCHANGE ACTIVITIES.—Foreign currencies or credits owed to or owned by the United States, where arising from this Act or otherwise, shall, upon a request from the Secretary of State certifying that such funds are required for the purpose of international educational exchange activities under programs authorized by section 32 (b) (2) of the Surplus Property Act of 1944, as amended, be reserved by the Secretary of the Treasury for sale to the Department of State for such activities on the basis of the dollar value at the time of the reservation.

## CHAPTER 2. ORGANIZATION AND ADMINISTRATION

SEC. 521. DELEGATION OF AUTHORITY BY THE PRESIDENT.—(a) Except as provided in subsection (b), the President may exercise any power or authority conferred on him by this Act through such agency or officer of the United States as he shall direct, and the head of such agency or such officer may from time to time promulgate such rules and regulations as may be necessary and proper to carry out functions under this Act and may delegate authority to perform any of such functions to his subordinates acting under his direction.

(b) After June 30, 1955, the President shall exercise the powers conferred upon him under title III of this Act through the Secretary of State.

SEC. 522. ALLOCATION AND REIMBURSEMENT AMONG AGENCIES.—(a) The President may allocate or transfer to any United States Government agency any part of any funds available for carrying out the purposes of this Act, including any advance to the United States by any nation or international organization for the procurement of equipment or materials or services. Such funds shall be available for obligation and expenditure for the purposes for which authorized, in accordance with authority granted in this Act or under authority governing the activities of the Government agencies to which such funds are allocated or transferred. Funds allocated to the Department of Defense shall be governed as to reimbursement by the procedures of subsection (c) of this section.

(b) Any officer of the United States performing functions under this Act may utilize the services and facilities of, or procure commodities from, any United States Government agency as the President shall direct, or with the consent of the head of such agency, and



funds allocated pursuant to this subsection to any such agency may be established in separate appropriation accounts on the books of the Treasury.

(c) Reimbursement shall be made to any United States Government agency, from funds available to carry out chapter 1 of title I of this Act, for any assistance furnished under that chapter from, by, or through such agency. Such reimbursement shall be in an amount equal to the value (as defined in section 545) of the equipment and materials, services (other than salaries of members of the Armed Forces of the United States), or other assistance furnished, plus expenses arising from or incident to operations under that chapter. The amount of any such reimbursement shall be credited as reimbursable receipts to current applicable appropriations, funds, or accounts of such agency and shall be available for, and under the authority applicable to, the purposes for which such appropriations, funds, or accounts are authorized to be used, including the procurement of equipment and materials or services, required by such agency, in the same general category as those furnished by it or authorized to be procured by it and expenses arising from and incident to such procurement.

(d) In the case of any commodity, service, or facility, procured from any United States Government agency under any provision of this Act other than chapter 1 of title I, reimbursement or payment shall be made to such agency from funds available to carry out such provision. Such reimbursement or payment shall be at replacement cost, or, if required by law, at actual cost, or at any other price authorized by law and agreed to by the owning or disposal agency. The amount of any such reimbursement or payment shall be credited to current applicable appropriations, funds, or accounts from which there may be procured replacements of similar commodities, services, or facilities, except that where such appropriations, funds, or accounts are not reimbursable except by reason of this subsection, and when the owning agency determines that such replacement is not necessary, any funds received in payment therefor shall be covered into the Treasury as miscellaneous receipts.

(e) In furnishing assistance under this Act and in making surplus agricultural commodities available under section 402 accounts may be established on the books of any United States Government agency or, on terms and conditions approved by the Secretary of the Treasury, in banking institutions in the United States, against which (i) letters of commitment may be issued which shall constitute obligations of the United States, and moneys due or to become due under such letters of commitment shall be assignable under the Assignment of Claims Act of 1940, as amended, and (ii) withdrawals may be made by recipient nations or agencies, organizations or persons upon presentation of contracts, invoices, or other appropriate documentation. Expenditure of funds which have been made available through accounts so established shall be accounted for on standard documentation required for expenditure of Government funds: *Provided*, That such expenditures for commodities or services procured outside the continental limits of the United States may be accounted for exclusively on such certification as may be prescribed in regulations approved by the Comptroller General of the United States.

SEC. 523. COORDINATION WITH FOREIGN POLICY.—(a) Nothing contained in this Act shall be construed to infringe upon the powers or functions of the Secretary of State.

(b) The President shall prescribe appropriate procedures to assure coordination among representatives of the United States Government in each country, under the leadership of the Chief of the United States Diplomatic Mission.

SEC. 524. THE SECRETARY OF DEFENSE.—(a) In the case of aid under chapter 1 of title I of this Act, the Secretary of Defense shall have primary responsibility for—

- (1) the determination of military end-item requirements;
- (2) the procurement of military equipment in a manner which permits its integration with service programs;
- (3) the supervision of [end-items used] *end-item use* by the recipient countries;
- (4) the supervision of the training of foreign military personnel;
- (5) the movement and delivery of military end-items; and
- (6) within the Department of Defense, the performance of any other functions with respect to the furnishing of military assistance.

(b) The establishment of priorities in the procurement, delivery, and allocation of military equipment shall be determined by the Secretary of Defense. The determination of the value of the program for any country under chapter 1 of title I shall be made by the President.

SEC. 525. FOREIGN OPERATIONS ADMINISTRATION.—Except as modified pursuant to this section or section 521, the Director of the Foreign Operations Administration (referred to in this chapter as the “Director”) shall continue to perform the functions vested in him on the effective date of this Act, except insofar as such functions relate to continuous supervision and general direction of programs of military assistance. The President may transfer to any agency or officer of the United States, and may modify or abolish, any function, office, or entity of the Foreign Operations Administration (*including any function, office or entity thereof transferred to any other agency*) or any officer or employee thereof, and may transfer such personnel, property, records, and funds as may be necessary incident thereto: *Provided, That such authority conferred by this sentence shall be exercised in accordance with applicable laws and regulations relating to the Civil Service and Veterans’ Preference.*

SEC. 526. MISSIONS AND STAFFS ABROAD.—The President may maintain special missions or staffs abroad in such nations and for such periods of time as may be necessary to carry out this Act. Each such special mission or staff shall be under the direction of a chief. The chief and his deputy shall be appointed by the President and may, notwithstanding any other law, be removed by the President at his discretion. The chief shall be entitled to receive (1) in cases approved by the President, the same compensation and allowances as a chief of mission, class 3, or a chief of mission, class 4, within the meaning of the Foreign Service Act of 1946 (22 U. S. C. 801), or (2) compensation and allowances in accordance with section 527 (c) of this Act, as the President shall determine to be appropriate. *If a Foreign Service*



*Officer shall be appointed by the President to a position under this section, the period of his service in such capacity shall be considered as constituting an assignment for duty within the meaning of section 571 of the Foreign Service Act of 1946, as amended, and such person shall not, by virtue of his acceptance of such an assignment, lose his status as a Foreign Service Officer.*

SEC. 527. EMPLOYMENT OF PERSONNEL.—(a) Any United States Government agency performing functions under this Act is authorized to employ such personnel as the President deems necessary to carry out the provisions and purposes of this Act.

(b) Of the personnel employed in the United States on programs authorized by this Act, not to exceed sixty may be compensated without regard to the provisions of the Classification Act of 1949, as amended, of whom not to exceed thirty-five may be compensated at rates higher than those provided for grade 15 of the general schedule established by the Classification Act of 1949, as amended, and of these, not to exceed fifteen may be compensated at a rate in excess of the highest rate provided for grades of such general schedule but not in excess of \$15,000 per annum. Such positions shall be in addition to those authorized by law to be filled by Presidential appointment, and in addition to the number authorized by section 505 of the Classification Act of 1949, as amended.

(c) For the purpose of performing functions under this Act outside the continental limits of the United States, the Director may—

(1) employ or assign persons, or authorize the employment or assignment of officers or employees of other United States Government agencies, who shall receive compensation at any of the rates provided for the Foreign Service Reserve and Staff by the Foreign Service Act of 1946, as amended (22 U. S. C. 801), together with allowances and benefits established thereunder including, in all cases, post differentials prescribed under section 443 of the Foreign Service Act; and persons so employed or assigned shall be entitled to the same benefits as are provided by section 528 of the Foreign Service Act for persons appointed to the Foreign Service Reserve and, except for policy-making officials, the provisions of section 1005 of the Foreign Service Act shall apply in the case of such persons; and

(2) utilize such authority, including authority to appoint and assign personnel for the duration of operations under this Act, contained in the Foreign Service Act of 1946, as amended (22 U. S. C. 801), as the President deems necessary to carry out functions under this Act. Such provisions of the Foreign Service Act as the President deems appropriate shall apply to personnel appointed or assigned under this paragraph, including, in all cases, the provisions of sections 443 and 528 of that Act.

(d) For the purpose of performing functions under this Act outside the continental limits of the United States, the Secretary of State may, at the request of the Director, appoint for the duration of operations under this Act alien clerks and employees in accordance with applicable provisions of the Foreign Service Act of 1946, as amended (22 U. S. C. 801).

SEC. 528. DETAIL OF PERSONNEL TO FOREIGN GOVERNMENTS.—(a) Whenever the President determines it to be consistent with and in furtherance of the purposes of this Act, the head of any United States



Government agency is authorized to detail or assign any officer or employee of his agency to any office or position to which no compensation is attached with any foreign government or foreign government agency: *Provided*, That such acceptance of office shall in no case involve the taking of an oath of allegiance to another government.

(b) Any such officer or employee, while so assigned or detailed, shall be considered, for the purpose of preserving his privileges, rights, seniority, or other benefits as such, an officer or employee of the Government of the United States and of the Government agency from which assigned or detailed, and he shall continue to receive compensation, allowances, and benefits from funds available to that agency or made available to that agency out of funds authorized under this Act.

SEC. 529. DETAIL OF PERSONNEL TO INTERNATIONAL ORGANIZATIONS.—(a) Whenever the President determines it to be consistent with and in furtherance of the purposes of this Act, the head of any United States Government agency is authorized to detail, assign, or otherwise make available to any international organization any officer or employee of his agency to serve with or as a member of the international staff of such organization, or to render any technical, scientific or professional advice or service to or in cooperation with such organization.

(b) Any such officer or employee, while so assigned or detailed, shall be considered, for the purpose of preserving his allowances, privileges, rights, seniority and other benefits as such, an officer or employee of the Government of the United States and of the Government agency from which detailed or assigned, and he shall continue to receive compensation, allowances, and benefits from funds available to that agency or made available to that agency out of funds authorized under this Act. He may also receive, under such regulations as the President may prescribe, representation allowances similar to those allowed under section 901 of the Foreign Service Act of 1946, as amended (22 U. S. C. 801). The authorization of such allowances and other benefits and the payment thereof out of any appropriations available therefor shall be considered as meeting all the requirements of section 1765 of the Revised Statutes.

(c) Details or assignments may be made under this section—

(1) without reimbursement to the United States by the international organization;

(2) upon agreement by the international organization to reimburse the United States for compensation, travel expenses, and allowances, or any part thereof, payable to such officer or employee during the period of assignment or detail in accordance with subsection (b) of this section; and such reimbursement shall be credited to the appropriation, fund, or account utilized for paying such compensation, travel expenses, or allowances, or to the appropriation, fund, or account currently available for such purposes;

(3) upon an advance of funds, property, or services to the United States accepted with the approval of the President for specified uses in furtherance of the purposes of this Act; and funds so advanced may be established as a separate fund in the Treasury of the United States, to be available for the specified uses, and to be used for reimbursement of appropriations or direct expenditure subject to the provisions of this Act, any unexpended

balance of such account to be returned to the international organization; or

(4) subject to the receipt by the United States of a credit to be applied against the payment by the United States of its share of the expenses of the international organization to which the officer or employee is detailed, such credit to be based upon the compensation, travel expenses and allowances, or any part thereof, payable to such officer or employee during the period of assignment or detail in accordance with subsection (b) of this section.

SEC. 530. EXPERTS AND CONSULTANTS OR ORGANIZATIONS THEREOF.—(a) Experts and consultants or organizations thereof, as authorized by section 15 of the Act of August 2, 1946 (5 U. S. C. 55a), may be employed by any United States Government agency for the performance of functions under this Act, and individuals so employed may be compensated at rates not in excess of \$75 per diem, and while away from their homes or regular places of business, they may be paid actual travel expenses and per diem in lieu of subsistence and other expenses at a rate not to exceed \$10 *or at the applicable rate prescribed in the Standardized Government Travel Regulations, as amended from time to time, whichever is higher*, while so employed within the continental limits of the United States and at the applicable rate prescribed in the Standardized Government Travel Regulations (Foreign Areas) while so employed outside the continental limits of the United States.

(b) Persons of outstanding experience and ability may be employed without compensation by any United States Government agency for the performance of functions under this Act in accordance with the provisions of section 710 (b) of the Defense Production Act of 1950, as amended (50 U. S. C. App. 2160), and regulations issued thereunder.

SEC. 531. SECURITY CLEARANCE.—No citizen or resident of the United States may be employed, or if already employed, may be assigned to duties by the Director under this Act for a period to exceed three months unless—

(a) such individual has been investigated as to loyalty and security by the Civil Service Commission, or by the Federal Bureau of Investigation in the case of specific positions which have been certified by the Director as being of a high degree of importance or sensitivity or in case the Civil Service Commission investigation develops data reflecting that the individual is of questionable loyalty, and a report thereon has been made to the Director, and until the Director has certified in writing (and filed copies thereof with the Senate Committee on Foreign Relations and the House Committee on Foreign Affairs) that, after full consideration of such report, he believes such individual is loyal to the United States, its Constitution, and form of government, and is not now and has never knowingly been a member of any organization advocating contrary views; or

(b) such individual has been investigated by a military intelligence agency and the Secretary of Defense has certified in writing that he believes such individual is loyal to the United States and filed copies thereof with the Senate Committee on Foreign Relations and the House Committee on Foreign Affairs.

This section shall not apply in the case of any officer appointed by the President by and with the advice and consent of the Senate, nor shall it apply in the case of any person already employed under pro-



grams covered by this Act who has been previously investigated in connection with such employment.

SEC. 532. EXEMPTION OF PERSONNEL FROM CERTAIN FEDERAL LAWS.—(a) Service of an individual as a member of the Board established pursuant to section 308 of this Act or as an expert or consultant under section 530 (a) shall not be considered as service or employment bringing such individual within the provisions of title 18, U. S. C., section 281, 283 or 284, or of section 190 of the Revised Statutes (5 U. S. C. 99), or of any other Federal law imposing restrictions, requirements, or penalties in relation to the employment of persons, the performance of services, or the payment or receipt of compensation in connection with any claim, proceeding, or matter involving the United States, except insofar as such provisions of law may prohibit any such individual from receiving compensation in respect of any particular matter in which such individual was directly involved in the performance of such service; nor shall such service be considered as employment or holding of office or position bringing such individual within the provisions of section 6 of the Act of May 22, 1920, as amended (5 U. S. C. 715), section 212 of the Act of June 30, 1932, as amended (5 U. S. C. 59a), or any other Federal law limiting the reemployment of retired officers or employees or governing the simultaneous receipt of compensation and retired pay or annuities.

(b) Notwithstanding section 2 of the Act of July 31, 1894 (5 U. S. C. 62), which prohibits certain retired officers from holding certain office, any retired officer of any of the services mentioned in the Career Compensation Act of 1949 may hold any office or appointment under this Act or the Mutual Defense Assistance Control Act of 1951, but the compensation of any such retired officer shall be subject to the provisions of the Act of June 30, 1932 (5 U. S. C. 59a), which does not permit retired pay to be added to the compensation received as a civilian officer.

SEC. 533. WAIVERS OF CERTAIN FEDERAL LAWS.—Whenever the President determines it to be in furtherance of purposes declared in this Act, the functions authorized under this Act may be performed without regard to such provisions of law (other than the Renegotiation Act of 1951, as amended) regulating the making, performance, amendment, or modification of contracts and the expenditure of Government funds as the President may specify.

SEC. 534. REPORTS.—The President, from time to time while funds appropriated for the purpose of this Act continue to be available for obligation, shall transmit to the Congress reports covering each six months of operations, in furtherance of the purposes of this Act, except information the disclosure of which he deems incompatible with the security of the United States. Reports provided for under this section shall be transmitted to the Secretary of the Senate or the Clerk of the House of Representatives, as the case may be, if the Senate or the House of Representatives, as the case may be, is not in session. Such reports shall include detailed information on the implementation of [sections 504 and 413 (b)] *sections 504, 413 (b), and 418 of this Act.*

SEC. 535. COOPERATION WITH INTERNATIONAL ORGANIZATIONS.—

(a) The President is authorized to request the cooperation of or the use of the services and facilities of the United Nations, its organs and specialized agencies, or other international organizations, in carrying



out the purposes of this Act, and may make payments by advancements or reimbursements, for such purposes, out of funds made available for the purposes of this Act, as may be necessary therefor, to the extent that special compensation is usually required for such services and facilities: *Provided*, That nothing in this section shall be construed to authorize the delegation to any international or foreign organization or agency of authority to decide the method of furnishing assistance under this Act to any country or the amount thereof.

(b) Whenever the President determines it to be in furtherance of the purposes of this Act, United States Government agencies, on request of international organizations, are authorized to furnish supplies, materials, and services, on an advance of funds or reimbursement basis, to such organizations. Such advances or reimbursements may be credited to the current applicable appropriation or fund of the agency concerned and shall be available for the purposes for which such appropriations and funds are authorized to be used.

SEC. 536. JOINT COMMISSION ON RURAL RECONSTRUCTION IN CHINA.—The President is authorized to continue to participate in the Joint Commission on Rural Reconstruction in China and to appoint citizens of the United States to the Commission.

### CHAPTER 3. REPEAL AND MISCELLANEOUS PROVISIONS

SEC. 541. EFFECTIVE DATE.—This Act shall take effect on the date of its enactment.

SEC. 542. STATUTES REPEALED.—(a) There are hereby repealed—

(1) an Act to provide for assistance to Greece and Turkey, approved May 22, 1947, as amended;

(2) the joint resolution to provide for relief assistance to the people of countries devastated by war, approved May 31, 1947, as amended;

(3) the Foreign Aid Act of 1947;

(4) the Foreign Assistance Act of 1948, as amended; including The Economic Cooperation Act of 1948, as amended, the International Children's Emergency Fund Assistance Act of 1948, as amended, the Greek-Turkish Assistance Act of 1948, and the China Aid Act of 1948, as amended;

(5) the Mutual Defense Assistance Act of 1949, as amended;

(6) the Foreign Economic Assistance Act of 1950, as amended; including the Economic Cooperation Act of 1950, the China Area Aid Act of 1950, as amended, the United Nations Palestine Refugee Aid Act of 1950, and the Act for International Development, as amended;

(7) the Far Eastern Economic Assistance Act of 1950, as amended;

(8) the Yugoslav Emergency Relief Assistance Act of 1950;

(9) the Mutual Security Act of 1951, as amended;

(10) the Mutual Security Act of 1952;

(11) the Mutual Security Act of 1953;

(12) section 12 of the joint resolution of Congress approved November 4, 1939 (54 Stat. 10; 22 U. S. C. 452);

(13) section 4 of the Act of March 3, 1925 (50 Stat. 887; 50 U. S. C. 165); and

(14) section 968 of title 18, United States Code.

(b) References in other Acts to the Acts listed in subsection (a) shall hereafter be considered to be references to the appropriate provisions of this Act.

(c) The repeal of the Acts listed in subsection (a) shall not be deemed to affect amendments contained in such Acts to Acts not named in subsection (a).

SEC. 543. SAVING PROVISIONS.—

(a) Except as may be expressly provided to the contrary in this Act, all determinations, authorizations, regulations, orders, contracts, agreements, and other actions issued, undertaken or entered into under authority of any provision of law repealed by section 542 shall continue in full force and effect until modified by appropriate authority.

(b) Where provisions of this Act establish conditions which must be complied with before use may be made of authority contained in or funds authorized by this Act, compliance with substantially similar conditions under Acts named in section 542 shall be deemed to constitute compliance with the conditions established by this Act.

(c) No person in the service or employment of the United States or otherwise performing functions under an Act repealed by section 542 or under section 408 shall be required to be reappointed or reemployed by reason of the entry into force of this Act, except that appointments made pursuant to section 110 (a) (2) of the Economic Cooperation Act of 1948, as amended, shall be converted to appointments under section 527 (c) of this Act.

SEC. 544. AMENDMENTS TO OTHER LAWS.—(a) Title X of the United States Information and Educational Exchange Act of 1948, as amended (22 U. S. C. 1431), is amended by adding the following new section:

“INFORMATIONAL MEDIA GUARANTIES

“SEC. 1011. The Director of the United States Information Agency may make guaranties, in accordance with the provisions of subsection (b) of section 413 of the Mutual Security Act of 1954, of investments in enterprises producing or distributing informational media consistent with the national interests of the United States against funds heretofore made available by notes issued to the Secretary of the Treasury pursuant to section 111 (c) (2) of the Economic Cooperation Act of 1948, as amended, for purposes of guaranties of investments: *Provided, however,* That the amount of such guaranties in any fiscal year shall be determined by the President but shall not exceed \$10,000,000.”

(b) Section 1 of Public Law 283, Eighty-first Congress, is repealed. The Institute of Inter-American Affairs, created pursuant to Public Law 369, Eightieth Congress (22 U. S. C. 281), shall have succession until June 30, 1960, and may make contracts for periods not to exceed five years: *Provided,* That any contract extending beyond June 30, 1960, shall be made subject to termination by the said Institute upon notice: *And provided further,* That the said Institute shall, on and after July 1, 1954, be subject to the applicable provisions of the Budget and Accounting Act, 1921, as amended (31 U. S. C. 1), in lieu of the provisions of the Government Corporation Control Act, as amended (31 U. S. C. 841).

SEC. 545. DEFINITIONS.—For the purposes of this Act—

(a) The term “commodity” includes any commodity, material, article, supply, or goods.

(b) The term "surplus agricultural commodity" means any agricultural commodity or product thereof, class, kind, type, or other specification thereof, produced in the United States either publicly or privately owned, which is in excess of domestic requirements, adequate carryover, and anticipated exports for dollars, as determined by the Secretary of Agriculture.

(c) The terms "equipment" and "materials" shall mean any arms, ammunition, or implements of war, or any other type of material, article, raw material, facility, tool, machine, supply or item that would further the purpose of chapter 1 of title I, or any component or part thereof, used or required for use in connection therewith, or required in or for the manufacture, production, processing, storage, transportation, repair, or rehabilitation of any equipment or materials, but shall not include merchant vessels.

(d) The term "mobilization reserve", as used with respect to any equipment or materials, means the quantity of such equipment or materials determined by the Secretary of Defense under regulations prescribed by the President to be required to support mobilization of the Armed Forces of the United States in the event of war or national emergency until such time as adequate additional quantities of such equipment or materials can be procured.

(e) The term "excess", as used with respect to any equipment or materials, means the quantity of such equipment or materials owned by the United States which is in excess of the mobilization reserve of such equipment or materials.

(f) The term "services" shall include any service, repair, training of personnel, or technical or other assistance or information necessary to effectuate the purposes of this Act.

(g) The term "Armed Forces of the United States" shall include any component of the Army of the United States, of the United States Navy, of the United States Marine Corps, of the Air Force of the United States, of the United States Coast Guard, and the Reserve components thereof.

(h) The term "value" means—

(1) with respect to any excess equipment or materials furnished under chapter 1, of title I, the gross cost of repairing, rehabilitating, or modifying such equipment or materials prior to being so furnished;

(2) with respect to any nonexcess equipment or materials furnished under chapter 1 of title I which are taken from the mobilization reserve (other than equipment or materials referred to in paragraph (3) of this subsection), the actual or the projected (computed as accurately as practicable) cost of procuring for the mobilization reserve an equal quantity of such equipment or materials or an equivalent quantity of equipment or materials of the same general type but deemed to be more desirable for inclusion in the mobilization reserve than the equipment or materials furnished;

(3) with respect to any nonexcess equipment or materials furnished under chapter 1 of title I which are taken from the mobilization reserve but with respect to which the Secretary of Defense has certified that it is not necessary fully to replace such equipment or materials in the mobilization reserve, the gross cost to the United States of such equipment and materials or its



replacement cost, whichever the Secretary of Defense may specify; and

(4) with respect to any equipment or materials furnished under chapter 1 of title I which are procured for the purpose of being so furnished, the gross cost to the United States of such equipment and materials.

In determining the gross cost incurred by any agency in repairing, rehabilitating, or modifying any excess equipment furnished under chapter 1 of title I, all parts, accessories, or other materials used in the course of repair, rehabilitation, or modification shall be priced in accordance with the current standard pricing policies of such agency. For the purpose of this subsection, the gross cost of any equipment or materials taken from the mobilization reserve means either the actual gross cost to the United States of that particular equipment or materials or the estimated gross cost to the United States of that particular equipment or materials obtained by multiplying the number of units of such particular equipment or materials by the average gross cost of each unit of that equipment and materials owned by the furnishing agency.

(i) The term "United States Government agency" means any department, agency, board, wholly or partly owned corporation, or instrumentality, commission, or establishment of the United States Government.

SEC. 546. CONSTRUCTION.—(a) If any provision of this Act or the application of any provision to any circumstances or persons shall be held invalid, the validity of the remainder of the Act and applicability of such provision to other circumstances or persons shall not be affected thereby.

(b) Nothing in this Act shall alter, amend, revoke, repeal, or otherwise affect the provisions of the Atomic Energy Act of 1946, as amended (42 U. S. C. 1801).

(c) Nothing in this Act is intended nor shall it be construed as an expressed or implied commitment to provide any specific assistance, whether of funds, commodities, or services, to any nation or nations, or to any international organization.

SEC. 547. REDUCTION OF AUTHORIZATIONS.—Notwithstanding the foregoing provisions of this Act, such provisions shall not be construed to authorize the appropriation for the fiscal year 1955, for the purposes of titles I, II, and IV of this Act, of amounts (exclusive of unexpended balances of prior appropriations authorized to be continued available under such provisions) aggregating in excess of \$2,918,040,000.

SEC. 548. UNEXPENDED BALANCES.—*Unexpended balances of funds heretofore made available under authority of this Act are hereby authorized to be continued available for the general purposes for which appropriated, and may be consolidated with appropriations made available beginning in fiscal year 1956 for the same general purposes under the authority of this Act: Provided, however, That unexpended balances in excess of \$200,000,000 not obligated by June 30, 1955, in accordance with the provisions of section 1311 of the Supplemental Appropriation Act, 1955 (Public Law 663, Eighty-third Congress), or reserved in accordance with the provisions of section 110 of the Mutual Security Appropriation Act, 1955 (Public Law 778, Eighty-third Congress), are not authorized to be continued available after such date.*

## APPENDIX II

## Distribution of fiscal year 1956 program, by region, country, title, and function

[In millions of dollars]

Region and country	Title I—Military assistance				Title II—Development assistance	Title III—Technical cooperation	Title IV—Other programs	Total
	Ch. 1. Military assistance	Ch. 2. South-east Asia, the Western Pacific, and direct forces support	Ch. 3. Defense support	Title I, total				
Total, all programs.....	1 1,400.0	317.2	1,000.3	2,717.5	165.0	172.0	475.5	3,530.0
Military assistance.....	1,400.0	317.2	1,000.3	1,400.0 1,317.5	165.0	172.0	475.5	1,400.0 2,130.0
Programs other than military assistance, total.....								
Europe, total.....		4.0	70.0	74.0			21.0	95.0
Spain.....								
Yugoslavia.....								
Joint control area.....		4.0	28.0	28.0				28.0
Western Europe technical exchange.....			36.5	40.5				40.5
			5.5	5.5			21.0	21.0
								5.5
Near East and Africa, total.....		27.5	102.5	130.0	73.0	41.0	65.0	309.0
Egypt.....						4.0		4.0
Ethiopia.....						3.4		3.4
Greece.....			15.0	15.0		1.5		16.5
Iran.....		7.5	37.5	45.0		10.0		55.0
Iraq.....						2.3		2.3
Israel.....						2.0		2.0
Jordan.....						2.8		2.8
Lebanon.....						2.5		2.5
Liberia.....						1.8		1.8
Libya.....						2.0		2.0
Turkey.....		20.0	50.0	70.0		2.5		72.5
Overseas territories.....						4.0		4.0
Regional.....						2.2		2.2
Palestine refugees in the Near East.....							65.0	65.0
Undistributed by country.....					d 73.0			73.0

1 \$122 million of this sum, for NATO infrastructure is now authorized to be appropriated by sec. 104 of the Mutual Security Act of 1954, and does not appear in S. 2090.

Distribution of fiscal year 1956 program, by region, country, title, and function—Continued

Region and country	Title I—Military assistance				Title II— Develop- ment assistance	Title III— Technical coopera- tion	Title IV— Other programs	Total
	Ch. 1. Mil- itary assist- ance	Ch. 2. South- east Asia, the Western Pacific, and direct forces support	Ch. 3. De- fense support	Title I, total				
Asia, total.....		285.7	827.8	1,113.5	71.0	66.5	200.0	1,451.0
South Asia countries, subtotal.....		20.0	63.0	83.0	71.0	27.0		181.0
Afghanistan.....						2.0		2.0
India.....					70.0	15.0		85.0
Pakistan.....		20.0	63.0	83.0		9.0		92.0
Nepal.....					1.0	1.0		2.0
Far East countries, subtotal.....		265.7	764.8	1,030.5		39.5		1,070.0
China (Formosa).....		37.0	62.0	99.0		3.0		102.0
Indonesia.....						8.0		8.0
Japan.....						1.0		1.0
Korea.....		180.0	272.0	452.0		8.0		460.0
Philippines.....		2.3	19.7	22.0		6.5		28.5
Thailand.....		8.2	31.8	40.0		5.5		45.5
Cambodia, Laos, Vietnam.....		38.2	379.3	417.5		7.5		425.0
President's fund for Asian economic development.....							200.0	200.0
Latin America, total.....					21.0	31.5		52.5
Bolivia.....						2.5		18.5
Brazil.....					16.0	3.5		3.5
Chile.....						2.4		2.4
Colombia.....						1.5		1.5
Costa Rica.....						1.0		1.0
Cuba.....						.6		.6
Dominican Republic.....						.4		.4
Ecuador.....						1.6		1.6
El Salvador.....						1.0		1.0
Guatemala.....					5.0	1.8		6.8
Haiti.....						1.5		1.5
Honduras.....						1.1		1.1
Mexico.....						1.8		1.8
Nicaragua.....						.9		.9



Panama.....					1.3	1.3
Paraguay.....					1.5	1.5
Peru.....					2.7	2.7
Uruguay.....					.4	.4
Venezuela.....					.2	.2
Overseas territories.....					1.1	1.1
Regional.....					1.2	1.2
Organization of American States (OAS).....					1.5	1.5
Nonregional programs, total.....					33.0	189.5
U. N. expanded program of technical assistance.....					24.0	24.0
Interregional expenses.....					9.0	9.0
Refugees and migrants:						
Intergovernmental Committee for European Migration.....						12.5
United Nations Refugee Fund.....					1.4	1.4
Escapee program.....					6.0	6.0
United Nations Children's Fund.....					14.5	14.5
North Atlantic Treaty Organization (civilian headquarters).....					3.7	3.7
Ocean freight:						
Voluntary relief shipments.....					2.0	2.0
Surplus agricultural commodities.....					13.0	13.0
Control Act expenses.....					1.2	1.2
Administrative expenses (other than military assistance).....					35.2	35.2
Special Presidential fund.....					100.0	100.0

## APPENDIX III

## EXECUTIVE ORDER 10610

## ADMINISTRATION OF MUTUAL SECURITY AND RELATED FUNCTIONS

By virtue of the authority vested in me by the Mutual Security Act of 1954, including particularly sections 521 and 525 thereof (68 Stat. 855, 856), and as President of the United States, it is ordered as follows:

## PART 1. DEPARTMENT OF STATE; INTERNATIONAL COOPERATION ADMINISTRATION

SEC. 101. Exclusive of the functions transferred by the provisions of section 201 of this order, all functions conferred by law upon, or delegated or otherwise assigned by the President to, the Director of the Foreign Operations Administration, and all functions conferred by law upon, or otherwise placed under the jurisdiction of, the Foreign Operations Administration (including, subject to the provisions of sections 102 (b) and (c) of this order, all functions of agencies, officials, and employees of the Foreign Operations Administration), are hereby transferred to the Secretary of State and the Department of State, respectively.

SEC. 102. The following are hereby transferred to the Department of State:

(a) All offices of the Foreign Operations Administration, exclusive of the office of Director of the Foreign Operations Administration.

(b) The Institute of Inter-American Affairs and the functions vested in it by law, which functions shall remain therewith.

(c) The International Development Advisory Board (68 Stat. 842) and the functions vested in it by law, which functions shall remain therewith.

(d) The Office of Small Business, provided for in section 504 (b) of the Mutual Security Act of 1954 (68 Stat. 851), and in section 101 (d) of Executive Order No. 10575 of November 6, 1954 (19 F. R. 7251).

SEC. 103. (a) The Secretary of State shall establish, with the offices, personnel, and facilities transferred to the Department of State by or under section 102 (a) and 302 of this order, an agency in the Department of State which shall be known as the International Cooperation Administration. The agencies transferred by section 102 (b), (c), and (d) of this order shall be made a part of or attached to the International Cooperation Administration. The International Cooperation Administration shall be headed by the Director of the International Cooperation Administration referred to in the first sentence of section 103 (b) of this order. The said Director shall report directly to the Secretary of State. Except as may be otherwise provided by the Secretary of State in respect of the matters referred to in section 104 of this order, the functions transferred by section 101 hereof shall be carried out by or under the International Cooperation Administration or the Director thereof. The said Administration, including all its officers and agencies, and all functions transferred by this Part shall be subject to the direction and control of the Secretary of State. To such extent as the Secretary of State shall prescribe, consistent with law and without diminishing assignments made or required to be made by this order to the International Cooperation Administration or the Director thereof, the said Administration and Director shall be deemed to be the successors of the Foreign Operations Administration and the Director thereof, respectively, in respect of transfers to the Department of State and the Secretary of State made by this order.

(b) The title of Deputy Director of the Foreign Operations Administration is hereby changed to Director of the International Cooperation Administration. The Director of the International Cooperation Administration may, as he deems proper, change the title of and utilize in connection with the functions transferred by this order any other office of the Foreign Operations Administration transferred hereby.

SEC. 104. (a) The Secretary of State, after consultation with the Secretary of Defense, shall make appropriate arrangements for carrying out the function of coordination referred to in section 102 (c) (1) of Executive Order No. 10575 of November 6, 1954.

(b) The Secretary of State or, if he shall so direct, the Director of the International Cooperation Administration shall (1) carry out the functions under the Mutual Defense Assistance Control Act of 1951 transferred by section 101 of this order, (2) carry out the functions under section 501 (a) (2) of the Mutual Security Act of 1951 (as continued by section 525 of the Mutual Security Act of 1954), (3)

make the determinations authorized by the last sentence of section 524 (b) of the Mutual Security Act of 1954, and (4) coordinate the functions of the International Cooperation Administration and other affairs of the Department of State.

#### PART II. DEPARTMENT OF DEFENSE

SEC. 201. So much of the functions under chapter 2 of title I of the Mutual Security Act of 1954 now vested in or delegated to or otherwise conferred upon the Director of the Foreign Operations Administration or the Foreign Operations Administration as consists of furnishing to recipients eligible under that chapter, equipment, materials, or services which are delivered or rendered directly to the military forces of the recipient country or its agent (including a civilian contractor with such force) for the exclusive use, or to be under the exclusive control, of such military forces and without entering into or being processed by the civilian economy of the recipient country except as above provided is hereby transferred to the Secretary of Defense and the Department of Defense, respectively.

SEC. 202. The determination of the value of the program for any country under so much of chapter 2 of title I of the Mutual Security Act of 1954 as pertains to the functions transferred by section 201 of this order shall be made by the Secretary of State.

#### PART III. GENERAL PROVISIONS

SEC. 301. As used in this order, the term functions includes powers, duties, authority, responsibilities, and discretion.

SEC. 302. So much of the records, property, personnel, positions, and unexpended balances of appropriations, allocations, and other funds of the Foreign Operations Administration as the Director of the Bureau of the Budget shall determine shall be transferred to the Department of Defense. There are hereby transferred to the Department of State all other records, property, personnel, positions, and unexpended balances of appropriations, allocations, and other funds of the Foreign Operations Administration (including those of the Institute of Inter-American Affairs, the International Development Advisory Board, and the Office of Small Business, which shall be transferred with those agencies, respectively). Such further measures and dispositions as the Director of the Bureau of the Budget may deem necessary in order to effectuate the transfers provided for in this section shall be carried out in such manner as he shall direct and by such agencies as he shall designate.

SEC. 303. (a) The Foreign Operations Administration, including the office of Director of the Foreign Operations Administration but excluding all other offices of, and all agencies and positions of, the Foreign Operations Administration, and excluding also all functions transferred by the provisions of this order, is hereby abolished.

(b) The memberships of the Director of the Foreign Operations Administration on the following bodies, together with the functions of the said Director in his capacity as member of each thereof, are hereby abolished: (1) The National Security Council, (2) the Operations Coordinating Board, (3) the Council on Foreign Economic Policy, (4) the Interagency Committee on Agricultural Surplus Disposal, (5) the Defense Mobilization Board, and (6) the Interdepartmental Committee on Trade Agreements: *Provided*, That the Director of the International Cooperation Administration or his designated representative shall participate in the deliberations, and assist in connection with the affairs, of the bodies mentioned in items (2) to (6), inclusive, above, and of the Committee for Reciprocity Information.

SEC. 304. Nothing in this order shall be construed to derogate from the authority of the President, after the date of approval of this order, (1) to delegate functions conferred upon him by the Mutual Security Act of 1954 or by other law other than as transferred or otherwise assigned by this order, (2) to transfer to any agency or officer of the United States, or to modify or abolish, any function, office, or entity of the Foreign Operations Administration or the successor thereof or any officer or employee thereof, or (3) to transfer such personnel, property, records, and funds as may be necessary incident thereto.

SEC. 305. Except to the extent inconsistent with this order, all determinations, authorizations, regulations, rulings, certificates, orders, directives, contracts, agreements, and other actions issued, undertaken, or entered into with respect to any function affected by this order and not heretofore revoked, superseded, or



otherwise made inapplicable, shall continue in full force and effect until amended, modified, or terminated by appropriate authority; but any reference therein to any officer or agency abolished by this order shall hereafter be deemed to be a reference to the appropriate successor officer or agency under this order.

SEC. 306. This order shall become effective at the close of June 30, 1955.

DWIGHT D. EISENHOWER.

The WHITE HOUSE, May 9, 1955.

○







Calendar No. 386

84TH CONGRESS  
1ST SESSION

# S. 2090

[Report No. 383]

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## IN THE SENATE OF THE UNITED STATES

MAY 27 (legislative day, MAY 2), 1955

Mr. GEORGE, from the Committee on Foreign Relations, reported the following bill; which was read twice and ordered to be placed on the calendar

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## A BILL

To amend the Mutual Security Act of 1954, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*  
3       That this Act may be cited as the “Mutual Security Act of  
4       1955”.

5       SEC. 2. Title I, chapter 1, of the Mutual Security Act  
6       of 1954, which relates to military assistance, is amended as  
7       follows:

8       (a) In section 103 (a), which relates to authorizations,  
9       add “(1)” after “(a)”, and add the following new para-  
10      graph:

11      “(2) In addition, there is hereby authorized to be ap-

1   appropriated to the President to carry out the purposes of this  
2   chapter not to exceed \$1,278,000,000, to remain available  
3   until expended.”

4       (b) Section 103 (c) is hereby repealed, and the follow-  
5   ing is substituted therefor:

6       “(c) When appropriations made pursuant to subsection  
7   (a) of this section are used to furnish military assistance on  
8   terms of repayment within ten years or earlier such assist-  
9   ance may be furnished, notwithstanding sections 105, 141,  
10   and 142, to nations eligible to purchase military equipment,  
11   materials, and services under section 106.”

12       (c) Amend section 105 (b) (1), which relates to  
13   conditions applicable to military assistance, to read as follows:

14       “(1) The Congress welcomes the recent progress in  
15   European cooperation and reaffirms its belief in the necessity  
16   of further efforts toward political federation, military integra-  
17   tion, and economic unification as a means of building strength,  
18   establishing security, and preserving peace in the North  
19   Atlantic area. In order to provide further encouragement to  
20   such efforts, the Congress believes it essential that this Act  
21   should be so administered as to support concrete measures to  
22   promote greater political federation, military integration, and  
23   economic unification in Europe.”

24       (d) In paragraphs (2) and (3) of section 105 (b),  
25   strike out “Near East, Africa, and South Asia” and “the

1 Far East and the Pacific” and insert “Near East and Africa”  
2 and “Asia,” respectively.

3 (e) In paragraphs (2) and (3) of section 105 (c),  
4 which relates to geographic delivery ceilings, strike out  
5 “, Africa, and South Asia” and “the Far East and the  
6 Pacific” and insert “and Africa” and “Asia”, respectively.

7 (f) In section 108, which relates to transfer of military  
8 equipment to Japan, strike out “1955” and insert “1956”.

9 SEC. 3. Title I, chapter 2, of the Mutual Security Act  
10 of 1954, which relates to southeast Asia and the western  
11 Pacific, and direct forces support, is amended by adding,  
12 after section 123, the following new section:

13 “SEC. 124. DIRECT FORCES SUPPORT.—There is hereby  
14 authorized to be appropriated to the President for the fiscal  
15 year 1956 not to exceed \$317,200,000 to provide assistance  
16 in the form of direct forces support to be delivered or ren-  
17 dered directly to the military forces of nations eligible for  
18 military assistance under chapter 1 of this title. The Presi-  
19 dent may, notwithstanding the provisions of section 501,  
20 consolidate all or any part of appropriations made pursuant  
21 to this section with appropriations made pursuant to section  
22 103. Programs authorized by this section may be adminis-  
23 tered in accordance with the provisions of chapter 1 or  
24 chapter 3 of this title.”

25 SEC. 4. Title I, chapter 3, of the Mutual Security Act of



1 1954, which relates to defense support, is amended by adding  
2 to section 131 the following new subsection:

3 “(c) There is hereby authorized to be appropriated  
4 to the President for the fiscal year 1956 to carry out the  
5 provisions of this section, not to exceed—

6 “(1) \$70,000,000 for Europe (excluding Greece  
7 and Turkey) ;

8 “(2) \$102,500,000 for the Near East (including  
9 Greece and Turkey) and Africa; and

10 “(3) \$827,800,000 for Asia.

11 “Funds made available for assistance to Korea from  
12 appropriations authorized by this section may be used in  
13 accordance with the applicable provisions of section 132 of  
14 this Act.”

15 SEC. 5. Title I, chapter 4, of the Mutual Security Act of  
16 1954, which relates to general provisions relating to mutual  
17 defense assistance, is amended by changing section 142,  
18 which relates to agreements, as follows: strike out the word  
19 “and” at the end of subsection (10) and change the semi-  
20 colon preceding that word to a period; change the portion  
21 of subsection (11) preceding paragraph (i) thereof to read  
22 as follows:

23 “(11) In cases where any commodity is to be fur-  
24 nished on a grant basis under chapter 2 or chapter 3 of title  
25 I or under title II of this Act under arrangements which

1 will result in the accrual of proceeds to the recipient nation  
2 from the import or sale thereof, such assistance shall not  
3 be furnished unless the recipient nation shall have agreed  
4 to establish a special account, and—”.

5 SEC. 6. Title II of the Mutual Security Act of 1954,  
6 which relates to development assistance, is amended as  
7 follows:

8 (a) (1) In section 201 (a), which relates to authoriza-  
9 tion, strike out “South Asia” in paragraph 2 and insert  
10 “Asia”; before the period in paragraph 3 insert “and to  
11 assist in maintaining economic and political stability in the  
12 area”; and in the last sentence change the comma after the  
13 word “specify” to a period and strike out the balance of  
14 the sentence.

15 (2) Add to section 201 the following new subsection:

16 “(c) There is hereby authorized to be appropriated to  
17 the President for the fiscal year 1956 not to exceed \$73,-  
18 000,000, \$71,000,000, and \$21,000,000 to furnish assistance  
19 under paragraphs (1), (2), and (3), respectively of sub-  
20 section (a) of this section.”

21 (b) In section 202 which relates to administration, add  
22 at the end thereof the following new sentence: “The author-  
23 ity provided in section 307 may be exercised for purposes of  
24 furnishing assistance under section 201.”

1        SEC. 7. Title III of the Mutual Security Act of 1954,  
2        which relates to technical cooperation, is amended as follows:

3        (a) In section 304, which relates to authorization, insert  
4        “(a)” before the first sentence and add the following new  
5        subsection:

6        “(b) There is hereby authorized to be appropriated to  
7        the President for the fiscal year 1956 not to exceed \$146,-  
8        500,000 for technical cooperation programs in the Near East  
9        and Africa, Asia and Latin America.”

10       (b) In section 306, which relates to multilateral techni-  
11       cal cooperation:

12       (1) Insert the following before the semicolon at the end  
13       of paragraph (a): “; in addition, \$24,000,000 for the fiscal  
14       year 1956 for contributions to the United Nations Expanded  
15       Program of Technical Assistance”.

16       (2) Insert the following before the period at the end of  
17       paragraph (b): “; in addition, \$1,500,000 for the fiscal year  
18       1956 for contributions to the technical cooperation programs  
19       of the Organization of American States”.

20       (c) In section 308, which relates to the International  
21       Development Advisory Board, insert “, or at the applicable  
22       rate prescribed in the Standardized Government Travel Reg-  
23       ulations, as amended from time to time, whichever is higher,”  
24       after “not to exceed \$10 per diem”.



1        SEC. 8. Title IV of the Mutual Security Act of 1954,  
2        which relates to other programs, is amended as follows:

3        (a) In section 401, which relates to special fund, insert  
4        “(a)” before the first sentence; strike out “\$150,000,000”  
5        in the first sentence and insert “\$50,000,000, in addition to  
6        the funds authorized to be appropriated under subsection (b)  
7        hereof,”; in the next to last sentence strike out “section” and  
8        insert “Act”; and add the following new subsection at the  
9        end thereof:

10       “(b) There is hereby authorized to be appropriated to  
11       the President for the fiscal year 1956 \$100,000,000 for use  
12       in accordance with subsection (a) of this section.”

13       (b) In section 402, strike out “\$350,000,000” and  
14       insert “\$600,000,000”.

15       (c) In section 403, which relates to special assistance  
16       in joint control areas, insert “(a)” before the first sentence;  
17       insert “at the time of the enactment of this Act” in the first  
18       sentence after “responsibility”; and add the following new  
19       subsection:

20       “(b) There is hereby authorized to be appropriated to  
21       the President for the fiscal year 1956 not to exceed  
22       \$21,000,000 to carry out this section.”

23       (d) Amend section 405, which relates to movement of  
24       migrants and refugees, as follows:

1       (1) Change the heading to “MIGRANTS, REFUGEES,  
2   AND ESCAPEES”.

3       (2) In the second sentence of subsection (a), which  
4   relates to contributions to the Intergovernmental Committee  
5   for European Migration, insert “and for the fiscal year 1956  
6   not to exceed \$12,500,000 for contributions to the Com-  
7   mittee,” after “Migration,”.

8       (3) Amend subsection (c) to read as follows:

9       “(c) There is hereby authorized to be appropriated  
10   for the fiscal year 1956 not to exceed \$1,400,000 for con-  
11   tributions to the United Nations Refugee Fund.”

12       (4) Add the following new subsection:

13       “(d) There is hereby authorized to be appropriated to  
14   the President for the fiscal year 1956 not to exceed  
15   \$6,000,000 for continuation of activities, including care,  
16   training, and resettlement, which have been undertaken for  
17   selected escapees under section 401 of this Act.”

18       (e) In section 406, which relates to children’s welfare,  
19   insert “(a)” before the first sentence and add the following  
20   new subsection:

21       “(b) There is hereby authorized to be appropriated for  
22   the fiscal year 1956 not to exceed \$14,500,000 for contribu-  
23   tions to the United Nations Children’s Fund.”

24       (f) In section 407, which relates to Palestine refugees

1 in the Near East, insert “(a)” before the first sentence and  
 2 add the following new subsection:

3 “(b) There is hereby authorized to be appropriated  
 4 to the President for the fiscal year 1956 not to exceed  
 5 \$65,000,000 to be used to make contributions to the United  
 6 Nations Relief and Works Agency for Palestine Refugees in  
 7 the Near East.”

8 (g) In section 408 (a), which relates to United States  
 9 participation in the North Atlantic Treaty Organization, in-  
 10 sert “, and for the fiscal year 1956 not to exceed \$3,700,-  
 11 000,” before “for payment”.

12 (h) Amend section 409, which relates to ocean freight  
 13 charges, as follows:

14 (1) Insert the following new sentence at the end of  
 15 subsection (c), which relates to ocean freight charges on  
 16 shipments by United States voluntary nonprofit relief agen-  
 17 cies: “There is hereby authorized to be appropriated to the  
 18 President for the fiscal year 1956 not to exceed \$2,000,000  
 19 to carry out the purposes of this section.”

20 (2) Amend subsection (d) to read as follows:

21 “(d) There is hereby authorized to be appropriated  
 22 to the President for the fiscal year 1956 not to exceed  
 23 \$13,000,000 to pay ocean freight charges on shipments of



1 surplus agricultural commodities, including commodities  
2 made available pursuant to any Act for the disposal abroad  
3 of United States agricultural surpluses. In addition, any  
4 funds made available under this Act may be used, in amounts  
5 determined by the President, for the purposes of this sub-  
6 section.”

7 (i) In section 410, which relates to Control Act ex-  
8 penses, insert “, and for the fiscal year 1956 not to exceed  
9 \$1,175,000,” after “1,300,000”.

10 (j) (1) Change the title of section 411, which relates  
11 to administrative expenses to read “ADMINISTRATIVE AND  
12 OTHER EXPENSES”.

13 (2) Amend section 411 (b) to read as follows:

14 “(b) There is hereby authorized to be appropriated  
15 to the President for the fiscal year 1955 not to exceed  
16 \$34,700,000, and for the fiscal year 1956 not to exceed  
17 \$35,225,000, for all necessary administrative expenses inci-  
18 dent to carrying out the provisions of this Act other than  
19 chapter 1 of title 1 and section 124.”

20 (3) Add to section 411 the following new subsection:

21 “(c) Funds made available for the purposes of this  
22 Act may be used for compensation, allowances, and travel  
23 of personnel, including Foreign Service personnel whose serv-  
24 ices are utilized primarily for the purposes of this Act, and  
25 without regard to the provisions of any other law, for printing

1 and binding, and for expenditures outside the continental lim-  
2 its of the United States for the procurement of supplies and  
3 services and for other administrative and operating purposes  
4 (other than compensation of personnel) without regard to  
5 such laws and regulations governing the obligation and ex-  
6 penditure of Government funds as may be necessary to ac-  
7 complish the purposes of this Act.”

8 (k) Add the following new section:

9 “SEC. 418. PRESIDENT’S FUND FOR ASIAN ECONOMIC  
10 DEVELOPMENT.—(a) The Congress of the United States  
11 reaffirms the policy of the United States to contribute to  
12 international peace and security through assisting the peoples  
13 of free Asia in their efforts to attain economic and social  
14 well-being, to safeguard basic rights and liberties, and to  
15 protect their security and independence. The Congress  
16 hereby recognizes that fundamental to these goals is an  
17 expanding economic growth of the free Asia area based upon  
18 self-help and mutual cooperation and full utilization of already  
19 existing resources and knowledge. The Congress expresses  
20 the willingness of the people of the United States to support  
21 the foregoing objectives to the extent to which the  
22 countries in the area continue to make effective use of their  
23 own resources and external resources otherwise available  
24 to them.

25 “(b) In order to carry out the purposes of this section,

1 there is hereby authorized to be established a fund, to be  
2 known as the 'President's Fund for Asian Economic Develop-  
3 ment' (hereinafter referred to as 'the Fund'), and there is  
4 hereby authorized to be appropriated to the President for  
5 the Fund an amount of \$200,000,000, such amount to remain  
6 available until June 30, 1958.

7       “(c) The President is authorized to utilize the appro-  
8 priations made available for the Fund to accomplish in the  
9 free Asian area the policies and purposes declared in this  
10 Act and to disburse them on such terms and conditions,  
11 including transfer of funds, as he may specify to any person,  
12 corporation, or other body of persons however designated,  
13 or to any foreign government, agency, or organization or  
14 group of governments or agencies as may be appropriate:  
15 *Provided, however,* That not less than 50 per centum of  
16 the funds appropriated pursuant to this section shall be  
17 available only for furnishing assistance on terms of repay-  
18 ment in accordance with the provisions of section 505, and  
19 not more than 25 per centum of said funds may be allocated  
20 for assistance to any one nation.

21       “(d) In utilizing the Fund the President shall give  
22 preference to projects or programs that will clearly con-  
23 tribute to promoting greater economic strength in the area  
24 as a whole or among a group or groups of countries of the  
25 area.”



1        SEC. 9. Title V, chapter 1, of the Mutual Security Act  
2 of 1954, which relates to general provisions, is amended as  
3 follows:

4        (a) In section 501, which relates to transferability of  
5 funds, insert, in the first sentence, the words “in any fiscal  
6 year” after “transferred” and after “increased”; and delete  
7 the last two sentences of said section.

8        (b) In section 502, which relates to use of foreign cur-  
9 rency, in subsection (b) after the word “amended,” insert  
10 the words “and to the Joint Committee on Atomic Energy  
11 and the Joint Committee on the Economic Report,”; and in  
12 the proviso after the word “Senate” the second time such  
13 word occurs, insert the words “or a joint committee of the  
14 Congress”.

15        (c) In section 503, subsection (b) is hereby repealed  
16 and subsection (c) is redesignated as “(b)”.

17        (d) (1) Change the heading of section 505 to “LOAN  
18 ASSISTANCE AND SALES”.

19        (2) Add the following sentence at the end of subsection  
20 (a) of section 505: “Whenever commodities or services are  
21 sold for foreign currencies the President, notwithstanding  
22 section 1415 of the Supplemental Appropriation Act, 1953,  
23 or any other provision of law, may use or enter into arrange-  
24 ments with friendly nations or organizations of nations to use  
25 such currencies for the purposes for which the funds providing

1 the commodities or services which generated the currencies  
2 were appropriated.”

3 (e) Add the following sentence at the end of section  
4 509, which relates to shipping on United States vessels:  
5 “The ocean transportation between foreign countries of com-  
6 modities, materials, and equipment procured out of local cur-  
7 rency funds made available or derived from funds made avail-  
8 able under this Act shall not be governed by the provisions  
9 of section 901 (b) of the Merchant Marine Act of 1936, or  
10 any other law relating to the ocean transportation of com-  
11 modities, materials, and equipment on United States flag  
12 vessels.”

13 SEC. 10. Title V, chapter 2, of the Mutual Security Act  
14 of 1954, which relates to organization and administration, is  
15 amended as follows:

16 (a) In section 524 (a), amend subparagraph (3) to  
17 read as follows:

18 “(3) the supervision of end-item use by the recipient  
19 countries;”.

20 (b) In the second sentence of section 525, which re-  
21 lates to the Foreign Operations Administration, after “For-  
22 eign Operations Administration” insert “(including any  
23 function, office or entity thereof transferred to any other  
24 agency)”; and insert, before the period at the end of said  
25 second sentence, the following: “: *Provided*, That such au-

1   thority conferred by this sentence shall be exercised in ac-  
2   cordance with applicable laws and regulations relating to the  
3   Civil Service and Veterans' Preference".

4       (c) Add at the end of section 526, which relates to  
5   missions and staffs abroad, the following new sentence: "If  
6   a Foreign Service Officer shall be appointed by the President  
7   to a position under this section, the period of his service in  
8   such capacity shall be considered as constituting an assign-  
9   ment for duty within the meaning of section 571 of the  
10   Foreign Service Act of 1946, as amended, and such person  
11   shall not, by virtue of his acceptance of such an assignment,  
12   lose his status as a Foreign Service Officer."

13       (d) In section 530 (a), which relates to experts and  
14   consultants or organizations thereof, insert "or at the ap-  
15   plicable rate prescribed in the Standardized Government  
16   Travel Regulations, as amended from time to time, whichever  
17   is higher," after "at a rate not to exceed \$10".

18       (e) In section 534, which relates to reports, strike out  
19   "sections 504 and 413 (b)" in the last sentence and insert  
20   "sections 504, 413 (b), and 418".

21       SEC. 11. Title V, chapter 3, of the Mutual Security Act  
22   of 1954, which relates to repeal and miscellaneous provisions,  
23   is amended by adding after section 547, the following new  
24   section:



1       “SEC. 548. UNEXPENDED BALANCES.—Unexpended  
2 balances of funds heretofore made available under authority  
3 of this Act are hereby authorized to be continued available  
4 for the general purposes for which appropriated, and may be  
5 consolidated with appropriations made available beginning  
6 in fiscal year 1956 for the same general purposes under the  
7 authority of this Act: *Provided, however,* That unexpended  
8 balances in excess of \$200,000,000 not obligated by June  
9 30, 1955, in accordance with the provisions of section 1311  
10 of the Supplemental Appropriation Act, 1955 (Public Law  
11 663, Eighty-third Congress), or reserved in accordance with  
12 the provisions of section 110 of the Mutual Security Approp-  
13 riation Act, 1955 (Public Law 778, Eighty-third Con-  
14 gress), are not authorized to be continued available after  
15 such date.”



84TH CONGRESS  
1ST SESSION

**S. 2090**

[Report No. 383]

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**A BILL**

To amend the Mutual Security Act of 1954, and  
for other purposes.

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By Mr. GEORGE

MAY 27 (legislative day, MAY 2), 1955

Read twice and ordered to be placed on the calendar







# Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

Issued June 1, 1955

For actions of May 31, 1955

84th-1st, No. 90

OFFICE OF BUDGET AND FINANCE  
(For Department Staff Only)

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HIGHLIGHTS: Senate passed State-Justice appropriation bill, debated mutual security bill. Sen. Humphrey introduced and discussed bill to provide system of price reporting for basic forest products. Senate passed air pollution control bill. Both Houses received Hoover Commission report on research and development.

## SENATE

1. FOREIGN AID. Began debate on S. 2090, the mutual security bill (pp. 6166-8, 6169, 6195-6201, 6204). This bill authorizes appropriation of \$3,408 million to continue for another year the various programs of foreign military, economic, and technical assistance, which comprise the "mutual security program." In addition, the bill authorizes unexpended balances of prior appropriations to be continued available except that those in excess of \$200 million which are still unobligated or unreserved as of June 30, 1955, are not authorized to be carried over. The bill also amends the Mutual Security Act of 1954 in several respects, including the following: Funds earmarked for surplus agricultural commodities are increased from \$350 million for fiscal year 1955 to \$600 million for the 2-year period 1955-6. \$13 million is earmarked for ocean freight on surplus agricultural commodities. Conditions applying to the use of funds for offshore procurement are repealed. The specific requirement that at least 30% of development assistance be in the form of loans is repealed. Authority is granted to make contracts of up to 3 years for furnishing development assistance. Authority is granted for foreign currencies received in payment for sales of commodities or services to be used for the purposes for which the funds providing the commodities or services were appropriated. Ocean transportation between foreign countries of goods procured with foreign currencies is exempt from the requirement that 50% be carried in American ships.
2. RESEARCH; REORGANIZATION. Both Houses received from the Commission on Organization of the Executive Branch of the Government a report on research and development in the Government (H. Doc. 174); to Senate Armed Services Committee and House Government Operations Committee (pp. 6156-6227).



3. AIR POLLUTION. Passed as reported S. 926, to amend the Water Pollution Control Act to provide for the control of air pollution (pp. 6181-3). The bill had previously been reported with amendments during the recess of the Senate on May 27 (S. Rept. 389) (p. 6155).
  4. BUILDINGS. The Public Works Committee reported with amendments S. 1290, to provide for the construction of certain Government buildings in D. C. (S. Rept. 402) (p. 6158).
  5. WEATHER. The Interstate and Foreign Commerce Committee was discharged from consideration of S. 1932, making an appropriation for the operation of an emergency hurricane warning system by the Weather Bureau, and the bill was referred to the Appropriations Committee (p. 6164).
  6. ELECTRIFICATION. Sen. Neuberger criticized attacks by the State Council of Chambers of Commerce on the proposed Hells Canyon Dam project and inserted various resolutions favoring this project (pp. 6168-9).
  7. STATE, JUSTICE, JUDICIARY APPROPRIATION BILL, 1956. Passed as reported this bill, H. R. 5502 (pp. 6176-81). Agreed to committee amendments, en bloc, which include the following: That the position of Budget Officer of the State Department shall be in GS-18 so long as held by the present incumbent; that the compensation of the Administrative Assistant Attorney General shall be \$17,500 per annum so long as held by the present incumbent; that the compensation of the Director of the Bureau of Prisons shall be \$17,500 per annum so long as held by the present incumbent; and to change the reference to Mexican boundary "fence" to "demarcation" (pp. 6177-8).  
This bill includes \$1,626,482 for FAO, \$206,914 for the Inter-American Institute of Agricultural Sciences, \$13,720 for the International Sugar Council, and \$26,264 for the International Wheat Council.
  8. CONSERVATION. Sen. Watkins stated that considerable interest has been expressed in his bill S. 1832, to establish a National Youth Rehabilitation Corps, and inserted several newspaper articles favoring this proposed program (pp. 6173-5).
  9. REFUGEE RELIEF. Sens. Humphrey, Sparkman, and Purtell discussed the President's proposed amendment to the Refugee Relief Act (pp. 6217-9).
  10. POSTAL PAY. Agreed to consider today S. 2061, the postal pay bill, limiting to 1 hour, equally divided, debate on any amendment; agreed that no amendment not germane to the bill shall be received and that debate on passage of the bill will be limited to 1 hour (p. 6204).
  11. STATEHOOD. Received an Hawaii Legislature resolution urging immediate statehood for Hawaii (p. 6157).
- HOUSE
12. SALT-WATER RESEARCH. House conferees were appointed on H. R. 2126, which would amend and extend the saline water research program (p. 6223). Senate conferees have not yet been appointed.



Our preliminary investigation indicates that the Nation's multimillion dollar drug traffic is concentrated mostly in the big cities and the larger States and that Treasury officials, especially in the Bureau of Narcotics, have statistics heretofore unrevealed which will show this concentration. This information is essential to the success of our nationwide investigation of the problem.

We have asked Commissioner of Narcotics, Harry J. Anslinger, to pinpoint by city and State the actual figures showing the number of drug addicts and narcotic law violations, and he has agreed to do so.

Also to appear before the committee June 2 is Assistant Secretary of the Treasury H. Chapman Rose and Treasury Technical Assistant for Enforcement M. L. Harney. Mr. Rose has supervisory authority over the narcotics and customs bureaus, the two Federal agencies most concerned with enforcement of the narcotics laws, and is also chairman of the President's interdepartmental committee on narcotics.

Witnesses called for June 3 are Commissioner of Customs, Ralph Kelly and Assistant Attorney General, Warren Olney III, chief of the criminal division of the Department of Justice.

The purpose of the initial hearings is to develop the extent of the narcotics problem and to learn what Federal officials are doing to meet the problem under present laws. Other Federal agencies will be heard before the committee holds on the spot hearings in cities and States most involved in the drug traffic.

#### POLITICAL ACTIVITIES OF LABOR UNIONS—AN ACT OF WISCONSIN LEGISLATURE

Mr. GOLDWATER. Mr. President, I ask unanimous consent to have printed in the body of the RECORD, as a part of my remarks, a copy of an act recently passed by the State of Wisconsin, relating to labor-union activities in politics.

There being no objection, the act was ordered to be printed in the RECORD, as follows:

An act to amend 346.12, 346.13, and 346.14 of the statutes, relating to political contributions by labor unions, and providing penalties

The people of the State of Wisconsin, represented in senate and assembly, do enact as follows:

346.12, 346.13, and 346.14 of the statutes are amended to read:

"346.12 (1) No foreign or domestic corporation, \* \* \* no association organized under chapter 185 doing business in this State, and no labor union or labor organization, shall \* \* \* contribute \* \* \* any money or thing of value, directly or indirectly, \* \* \* to any political party, political organization, political committee, or individual candidate for any political purpose whatsoever, \* \* \* or to promote or defeat the candidacy of any person for nomination \* \* \* or election to any political office. No political party, political organization, political committee, or individual candidate shall accept or receive any contribution prohibited by this section.

"(2) Nothing contained in this section shall affect the right of any individual to form, join, contribute to, or participate in voluntary organizations provided for in section 12.09, other than labor organizations or

labor unions, to support political candidates and purposes of his own choosing, nor his right to subscribe to a regularly published organization newspaper. Nothing contained in this section shall prohibit the publication by corporations, labor unions, and labor organizations and cooperatives in the regular course of conducting their affairs, of periodicals advising their members, stockholders, or customers of dangers or advantages to their interests of election to office of men espousing certain measures.

"(3) As used in this section and sections 346.13 and 346.14 the terms 'labor union' or 'labor organization' mean any organization of any kind, whether it be a local lodge, or a district, county, State, National, or international federation, or any agency or employee representation committee or plan in which employees participate and which exists for the purposes, in whole or in part, of dealing with employers concerning grievances, labor disputes, wages, rates of pay, hours of employment, or conditions of work.

"346.13. Any officer, employee, agent, or attorney or other representative of any corporation, labor union, or labor organization, acting for and in behalf of such corporation, labor union, or labor organization, who shall violate sections 346.12 to 346.16, shall be \* \* \* fined not less than \$100 or more than \$5,000, or \* \* \* imprisoned not less than 1 nor more than 5 years, or \* \* \* both \* \* \* in the discretion of the court or judge before whom such conviction is had and if the corporation, labor union, or labor organization shall be subject to a penalty then by forfeiture in double the amount of any fine so imposed to be collected as other actions by forfeiture are collected, and if a domestic corporation it may be dissolved, if after a proper proceeding upon quo warranto, in either the circuit or supreme court of the State to be prosecuted by the attorney general of the State, the court shall find and give judgment that section 346.12 has been violated as charged, and if a foreign or nonresident corporation, its right to do business in this State may be declared forfeited.

"346.14. The violation of sections 346.12 to 346.16 by any officer, employee, agent, attorney, or other representative of a corporation, labor union, or labor organization shall be prima facie evidence of said violation by such corporation, labor union, or labor organization. All fines or forfeitures recovered under any of the provisions of sections 346.12 to 346.16 shall, when collected, be paid into the proper treasury of the county for the use of the school fund, and it is hereby made the duty of the district attorney of each county to conduct prosecutions under sections 346.12 to 346.16 upon complaint as in other actions."

#### JUNK MAIL

Mr. MANSFIELD. Mr. President, in recent months there has been a great deal of discussion about the policies of the Post Office Department—postage increases, pay raises, the lack of two mail deliveries a day, and the flood of junk mail that has been cluttering up our mail boxes.

There was a sigh of relief when the Postmaster General issued a rescinding order, effective March 31, 1955, halting the delivery in the cities and villages of mail simply addressed "Local Patron," "Householder," and so on. Despite this order, nameless, unsolicited circulars, advertising leaflets, and the like continue to be delivered by postal carriers as third-class mail after nearly 2 months.

This order has merely curtailed to a limited extent the delivery of junk mail. Pieces bearing the name of no addressee

whatever—but carrying such a notation as "Occupant," together with a street address—still are being delivered at the special 1½-cent-per-ounce rate.

Moreover, the practice of handling pieces which carry neither a name nor address of any kind goes on in the case of rural routes and boxholders in areas where no city or village delivery is available.

The idea of sending advertising material without names is not new. Unaddressed boxholder mail has been delivered on rural routes for many years. But in August 1953 Postmaster General Arthur Summerfield decided to extend the practice to city dwellers. This system was designed as a timesaver for businesses which advertise by mail and also for postal workers who sort it. If anything, the new system has cost the Federal Government money. The flood of junk mail went on for about 15 months until pressures produced the March 31 order. Former Postmaster General Farley experimented with bulk mailing privileges during his term of office, but he soon rescinded his order.

This type of throwaway mail used to be distributed door to door by children, but now the postman has been trapped into doing a small boy's job.

Postage on nonaddressed mail is only 1½ cents an item, or 14 cents a pound. No wonder advertisers rush at the opportunity, for junk mail generally receives the same treatment as first-class mail at a much lower rate.

This new system has eliminated the expense of preparing and buying mailing lists. The March 31 order made the process a little more difficult, for now they must have a street address, which is simple enough to obtain. Now a piece of junk mail must have no more personalization than "Occupant, 1732 Jones Avenue." Unless the restrictions on junk mail are tightened, we will continue to get this cumbersome and undesirable matter in our mailboxes.

Postal officials concede that the March 31 order did not by any means discontinue delivery of all types of so-called junk mail. Junk mail still flourishes at an annual loss of millions of dollars to the Post Office. The administration is obviously in an economy mood. Elimination of junk mail is the first economy that should be effected in the Post Office Department.

Mr. President, in conclusion, I ask unanimous consent that a letter I have sent to the Postmaster General be printed in the RECORD at the end of my remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

MAY 27, 1955.

ARTHUR SUMMERFIELD,  
Postmaster General,  
Post Office Department  
Washington, D. C.

DEAR MR. SUMMERFIELD: The Post Office Department rescinding order relative to delivery of unaddressed third-class mail which went into effect on March 31, 1955, was well-received throughout the Nation. My constituents in Montana and people throughout the country envisioned that this order would curb the plague of mail addressed simply "local patron," "householder," and "boxholder."



However the delivery of nameless, unsolicited circulars, advertising leaflets and the like continues. Apparently the so-called "junk mail" continues with merely an additional restriction, an address, but does not require a personal address. I would like to know if the Post Office Department plans any additional restriction on this type of mail which receives the 1½-cent postal rate.

For my own files I would like the following statistical information, relative to third-class mail, for fiscal years 1953, 1954 and the approximate figures for fiscal year 1955. What is the gross income, expenditure, and deficit derived from third-class mail? If available I would like to know the approximate number of pieces of third-class mail put through the mails in the years cited.

I cannot stress too strongly the great inconvenience and annoyance this "junk mail" means to the millions of people who use our postal system. In addition it does not appear to be a financially sound practice. I would appreciate the above information at your very earliest convenience.

With best personal wishes, I am,

Sincerely yours,

MIKE MANSFIELD.

### TECHNICAL COOPERATION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that an address on technical cooperation, delivered by the Honorable Willard L. Beaulac, United States Ambassador to Chile, on the occasion of his receiving the annual award for distinguished public service from Rhode Island University, Kingston, R. I., on May 19, 1955, be printed in the RECORD at this point as part of my remarks.

I wish to say that Ambassador Beaulac is one of the outstanding diplomats of this country. He has served with distinction and understanding in the dealings between the United States and Chile in recent months, and before that he rendered distinguished service in performing his duties as our representative to various Latin American countries.

The VICE PRESIDENT. Is there objection to the request of the Senator from Montana?

There being no objection, the address was ordered to be printed in the RECORD, as follows:

#### TECHNICAL COOPERATION

(Address by Hon. Willard L. Beaulac, United States Ambassador to Chile, on the occasion of his receiving the annual award for distinguished public service from Rhode Island University, Kingston, R. I., May 19, 1955)

I should like to talk to you today about technical cooperation.

Some 4,400 of our citizens, in the employ of our Government, 1,650 of them in Washington and 2,750 of them abroad, today are helping to teach people in 58 countries and territories such things as how they can wipe out malaria and reduce the incidence of amoebic dysentery; how they can improve the breed of corn they produce and the breed of hogs they raise; how they can speed up and tighten up that new and still unfamiliar industry so that it will turn out a better product more cheaply; how they can increase average per capita income from less than \$100 a year, as in the case of a number of our neighbor American Republics, to say, two or three hundred dollars a year, or more; and how they can achieve healthier and more satisfactory living out of whatever they may earn or receive.

This year those 4,400 Americans will spend an estimated \$105 million giving technical

assistance to other countries. That is not a great deal of money, except perhaps to us taxpayers, but it is nearly as much as it costs to run the State Department and the Foreign Service, which have the responsibility of conducting our foreign relations at a time when it is no exaggeration to say that upon the state of those relations may depend whether we survive as a Nation. The program is certainly big enough that we can expect it to produce important results.

I believe it has produced important results, and that it can be made to produce much more important results in the future when we have painstakingly learned the lessons that our experience already holds for us, and when we have learned to apply those lessons.

Technical cooperation is not a new thing. What is new is the scale on which we are engaged in it. Our Government had had experience in technical cooperation when I entered the Foreign Service more than 30 years ago. For example, we already had the habit of helping other governments in such matters as road building in which we had acquired a fund of knowledge and experience. We thought it was a fine, neighborly thing to teach other countries how to build good roads. We also hoped that good roads in other countries would promote the sale of automobiles, and we wanted foreigners to own as many automobiles as possible, especially American automobiles. We had already learned two excellent reasons for technical cooperation, years before it was embodied in a bold, new program that was to capture the imagination of the world under the drab name of point 4.

We also had developed the habit of helping other governments in their health problems. Here, again, there were two reasons for our help. We sincerely wanted other peoples to enjoy the superior health standards that we were beginning to acquire. Also, we didn't want our own health to be undermined by epidemics that might start in someone else's territory. We could learn to keep out immigrants whom we didn't want, but yellow fever and malaria mosquitoes carry no passports and are no respectors of political boundaries, so we found that in order to keep our own yard clean we sometimes had to help clean up our neighbors'. We had learned another good reason for technical cooperation.

There are many additional reasons for technical cooperation that are cited by persons who engage in it as an occupation, or who regard it as the solution to all our most urgent problems, or who are charged with the duty of obtaining funds for it from a sometimes reluctant and skeptical Congress. Most of those reasons, it seems to me, are good ones. In fact, it is difficult to argue against technical cooperation in principle. And yet, it is a very difficult, not to say delicate, operation to engage in and one full of pitfalls for the merely starry-eyed and for other unwary persons.

We got our first experience in large scale technical cooperation in the other American Republics during the Second World War. There were a number of reasons for embarking on these wartime programs.

Our war effort required the greatest possible amounts of political and economic support from the other nations in this hemisphere. We had to see to it that those nations were not thrown into economic and social chaos by dislocation in their commerce caused by the war. We needed the raw materials and the surplus foodstuffs they produced; the petroleum, copper, rubber, and sugar, and the many other useful things they could provide us with and that we could not get in sufficient quantities from other sources. At the same time we wanted to insure that our neighbors did not drain us of supplies that we needed and they lacked.

Following the end of the war there was a feeling among many people inside and out-

side our Government that now that the war was over we should wind up these wartime programs. There also was a contrary feeling that to terminate the programs, in which the Latin Americans as well as we had invested large sums of money, just because the war had terminated, and when many of the programs were only beginning to bear fruit, would give the impression that we as a Nation were interested in helping our weaker neighbors when, because of war or other emergency, we might have urgent need of their support, but that as soon as the emergency ended, we were no longer interested in their welfare; that we were four-weather friends, in other words. These people thought, also, that our unfinished projects in Latin America would be regarded by our neighbors as models not of American cooperativeness but of American incompetence.

I was Ambassador to Paraguay when this problem was being debated here at home, and I gave a long and searching look at our program in that country. I came to the conclusion that I agreed with those who wanted to continue the projects that were still needed. I didn't want the United States to be a four-weather friend or to be regarded as a four-weather friend. Furthermore, it seemed to me that in organized technical cooperation we had found a weapon with which to combat poverty and ignorance in many parts of the world, and that we should preserve and strengthen that weapon in our own interest. I have never had reason to change my opinion in that regard.

It is still true that technical cooperation is capable of increasing markets for American goods, of helping to make available the raw materials that the free world requires, and of protecting the health of our people and other peoples, and doubtless it could be justified on those grounds alone. But those are not its real purposes. It has a purpose that is larger than any of those. It is to help strengthen the free world.

All of us recognize, I believe, that we cannot be prosperous in an impoverished world; that we cannot be strong if our neighbors and friends are weak. Technical cooperation is a device to help our neighbors and friends to help themselves. More important, still, it is a device that is capable of creating understanding.

All of us have heard time and time again the expression, "It's a small world." That expression, trite as it may sound, is filled with truth—truth that can lead us into flights of optimism concerning the kind of world which modern techniques can make it possible for all people to live in and enjoy; truth that is ominous and forbidding in terms of the power which our country has, today, in a matter of hours, to annihilate millions of persons in distant places of our choosing, and the power that certain other peoples may well possess to do the same to us.

If it sounds trite to say that it is a small world, it sounds almost as trite to say that we live in a world one part of which is increasingly dependent on other parts. It is this phenomenon, that is clear to anyone who will take the trouble to see, which makes excessive nationalism both anachronistic and perilous to our security and the security of the free world.

We hear a great deal about security nowadays, and there is a temptation even on the part of people who realize that it is indeed a small world to think of security only in terms of atomic or hydrogen bombs and of an Army, Navy, and Air Force more powerful than those of any other country. Few persons are tempted today to undervalue the importance of military strength, but it is easy to forget that security depends on other things besides military strength, and that without those other things we cannot achieve or retain the military strength needed to guarantee our security. Foremost among



those other things is understanding. Understanding among peoples is the equivalent of many armies, of many navies, and of many air forces. The United States cannot in any conceivable circumstance, stand alone in the world any more than the rest of the free world can stand apart from the United States. Our security and the security of other free nations depend directly and squarely on international cooperation, cooperation that cannot be exacted but which must be freely given. Cooperation, in turn, flows from understanding; understanding of a country's motives, of its objectives, and of the means it may devise to carry out those objectives. Real cooperation is not possible in the absence of understanding.

One feature of today's world which you students are beginning to be familiar with is its complexity. Not many years ago the Secretary of State of the United States, with only a handful of top assistants, could survey the whole world and feel reasonably confident that he was familiar with the things that were going on that were of importance to the United States. Today, the American Ambassador to a foreign country, who may have helping him as many highly trained and dedicated persons as were in the entire Department of State not many years ago, finds it difficult to keep up with more than a few of the things happening in that one country which are of interest to the United States.

If it is difficult for Americans to know and to understand what is going on in the world, with the unequalled facilities that we have at our command, imagine how difficult, how nearly impossible it must be for the inhabitants of some distant country where ignorance, poverty, and sickness dwell in nearly every household, a country which in this interdependent world may, nevertheless, be of great importance to us, to arrive at that degree of understanding regarding their relations with the United States which is a necessary prelude and basis for cooperation. Think how much more difficult it is for those people to understand us and to understand why it is in their interest to have a co-operative relationship with us when the international Communists are using every device known to totalitarian propaganda to convince those people that their ignorance, poverty, and sickness result from the circumstance that the United States, which has the highest living standards in the world, simply has much more than its share, and that those high living standards have condemned other peoples to want and privation.

It is not enough in the circumstances to preach economics to those people. You know that economics is a difficult subject even for university men and women. You can readily appreciate with what bewilderment, not to say distrust, lessons in economics would be received by those poorly educated and sometimes illiterate people.

What is required, clearly, is improvement in living standards and health and education which will enable those people to arrive at that degree of understanding with us that will serve as a firm basis for the cooperation which is so essential to their security and well-being as well as to ours. Technical cooperation can help to bring this about.

Technical cooperation can help to bring about understanding, and I have seen it lead to understanding, but it is also my observation that it cannot be depended upon to do it. It can even lead to misunderstanding.

Even the effort to explain technical cooperation can lead to misunderstanding. It needs to be explained, of course. If we don't explain it, the Communists will. In fact, they will explain it anyway. The more underprivileged those we try to help, the more they wonder why we are spending our money to help them. If we say we are doing it for

selfish reasons we seem to some of them to be confirming what the Communists say about us. On the other hand, if we appear to be acting idealistically, we risk awakening the antagonism which some people feel toward those whom they suspect of acting selflessly or out of altruism or idealism.

Even when technical cooperation is accepted graciously and understandingly by those people in a foreign country who give thought to it, the results sometimes are disappointing. One reason for this is, I believe, the tendency to expect too much of it, the tendency to look for quick and dramatic results which, to be sure, do sometimes occur but which cannot be expected to occur in most cases. Another reason is that we cannot do as much as we would like to do because of the shortage of available competent personnel.

I recall that in one small country where I served our Government agreed to help establish a school for vocational education. The agreement was hurriedly entered into because the end of the fiscal year was approaching and we had some money that hadn't been spent or committed. It was considered a sin in those days to turn any such money back to the Treasury. On the other hand, there certainly was need for a vocational educational school in that country. Young men who wanted to learn to be carpenters and plumbers had no way of learning except to watch carpenters and plumbers who were themselves untrained and who, in many cases, were trying to conceal the little they knew in order not to have new and younger competition in the trades. There were no building standards worthy of the name. There were no standard sizes for windows or doors. You never knew whether a door was going to open in or open out. You never knew whether to turn a knob to the right or to the left. All these things tended not only to confuse and confound people, including the people living in the America Embassy residence, but also to make building costs high and wages low. They tended to keep living standards down, in other words.

We signed the agreement to start a vocational education school, and then our people in Washington began to look around for someone to take charge of it. It was wartime and we learned a lot about vocational education problems in the United States that we hadn't known before. We learned, for example, that there was a shortage of vocational education teachers in the United States. We learned that there was an acute shortage of competent vocational education teachers. Of the competent teachers, very few spoke Spanish, a necessary requisite for the job our Government had in mind. Of those who spoke Spanish, none, so far as we could find, was willing to go to the country where I was serving. After a delay of months, our people finally sent down a man who could speak Spanish but who was really not fitted for the job. It would have been better if they had waited until they could find the right man, even if that should have required additional years.

Technical cooperation is not an easy job for an American. It is not a particularly well-paid job because our Government is limited, for reasons we can all understand, in what it can offer in terms of salaries and allowances. It involves living in distant places, often under conditions that are primitive by American standards. It usually means difficulties in the way of educating children. It may mean exposing yourself and your family to diseases that are not known in this country. It may mean adaptation to an alien culture. Some people rise to the challenge that these things represent, and those people make us very proud that we are Americans. But they are limited in numbers.

Technical cooperation is not the only occupation that presents a challenge worthy of the best people we have. There are many other challenges today and point 4 has to compete for the people capable of meeting them.

The problem of competent personnel may not be unsolvable, of course. With time we can doubtless build up a larger corps of tried and competent people. We may decide to engage foreigners to supplement our supply of Americans, or we may tend more and more to merge our programs with broader programs such as those of the United Nations. But that is another subject. Meanwhile, we cannot hope to get maximum results, in terms of concrete help to other countries or in terms of understanding, unless we send out really competent men to do the job.

Another circumstance that makes it difficult for technical cooperation to achieve the results it is capable of achieving is that it is so often used to treat symptoms rather than causes. For example, if poor health conditions in a given country are due to poverty, and poverty, in turn, is due to faulty economic policies being pursued by the government, then it stands to reason that a reform of those economic policies can do more for public health in the long run than any amount of technical cooperation in the field of public health that we can reasonably be expected to provide.

Countries create higher living standards for their people, which technical cooperation is supposed to help them to do, by developing their economies. They develop their economies, in turn, by utilizing their human and natural resources—by improving the skills of their people; by exploiting their lands, their forests, their minerals, their rivers and seas. There is no other way to do the job.

We should be able to assume, therefore, that a country that wants help in raising living standards will do what it can to insure that its natural resources will be developed and utilized. The least that can be expected is that the country will not place obstacles in the way of doing this. And still there are countries that do just that.

There are varying reasons for this phenomenon but, in general, it can be traced to nationalism, usually abetted by Communist propaganda.

The Communists, as we well know, try to prevent economic development in the free world. They do this, among other reasons, in order to prevent improvement in living standards. They try to prevent improvement in living standards because they feel, as we do, too, that poverty is their ally.

The Communists know, just as we know, that a country can develop its economy only if it utilizes its natural resources, so they do what they can to prevent this from happening.

The Communists know that many countries cannot develop their resources without the help of abundant foreign capital. Therefore, they do what they can to make it impossible for foreign capital to help. They do this by appealing to a country's nationalism; by painting foreign capital as predatory and imperialistic, and by encouraging countries to erect barriers to the entry of foreign capital. When they succeed in their efforts, as they frequently do, they accomplish two objectives that are important to them. First, they keep the country which is the target of their attacks impoverished, and, second, they create dissension and misunderstanding between that country and other countries that are disposed to be friendly and helpful.

In many countries where this sort of thing has been going on our Government has been helping to finance point 4 programs. It is evident that those programs will not produce maximum or even substantial results unless the countries have the political courage to remove the obstacles that they themselves



have set up to the efficient utilization of their natural resources.

That is not to say that we should use point 4 as a lever to change the political or social system of a country. On the contrary, if we are to succeed we must work within the framework of the traditions, the customs, the likes and dislikes of the people we are trying to help. But whatever the political or social system of a country, material progress cannot be achieved, with our help or without it, unless a modicum of respect is given to certain basic economic laws that have been well tested and that neither nationalism nor communism, nor indeed socialism, can make invalid.

I suggested earlier that point 4 has to be explained. I should like to revert to that and to add that all our aid to foreign countries has to be explained.

The United States, by giving technical cooperation and other aid to other countries, has voluntarily assumed a degree of responsibility for economic development in those countries. This concept of United States responsibility has been accepted by other countries to the extent that many persons, including some political leaders, have come to the point of implying pretty clearly in their public utterances that the United States has the principal obligation for bringing about economic development. Thus, in countries where private capital is not permitted to make its proper and indispensable contribution to economic progress, one hears it alleged that progress in not being achieved because not enough help is being received from the United States.

Persons who allege this point to the Marshall plan and contrast our vast expenditures in Europe with our small expenditures in other areas. They overlook the circumstance that Europe had to be put on its feet again if the whole free world were not to be plunged into crippling economic depression. They overlook the circumstance, too, that the huge sums we spent in Europe, whether for the reconstruction of war-shattered industries, for the construction of military bases, or for the maintenance of American troops, served to defend the free world against an actual and imminent threat of physical encroachment by Communist imperialism.

We used bombs to throw back the Nazi tyranny, and we used our material wealth to throw back the Communist tyranny. In each case we had to apply the weapon where it was needed, and the results in each case were decisive in insuring the defense of the entire free world, no country excepted.

Technical cooperation and economic aid do not explain themselves, although many of us have proceeded on the basis that they do. They have to be explained if they are to lead to understanding rather than misunderstanding.

There is another way in which technical cooperation and the other new or expanded activities that our Government is carrying on abroad can lead to misunderstanding, and that is if, while we are carrying them on, we should at the same time neglect our traditional diplomatic activities.

Homer said, "Men ever love the song that sings newest in the ear."

It is not an exaggeration to say that our age is an age of disillusionment. We in the United States have fought two great wars well within my lifetime and still we do not have a world that is safe for the things for which we fought. We do not have freedom from fear or freedom from the threat of war. We do not have one world, as many of us used to believe, or at least hope, but two worlds which threaten to collide and explode into no world at all.

We are disillusioned but not resigned, and we are searching desperately for new instruments to meet the new and unexpected dangers that face us. And we are right in

doing that. We will not be right if at the same time we neglect the tried and proved instrument of diplomacy which remains and will remain the basic instrument for reaching understanding with other countries, an instrument which we share with other countries and one that nations with long experience and tradition still place their principal trust in.

Such activities as technical cooperation are capable of being an aid to good relations with foreign countries but they are in no sense a substitute for such relations. If badly carried out, or if not properly explained, they may even create complications in our relations with other countries, and thus add to the burden of our diplomacy.

These new or expanded activities have, of course, added to the duties of our diplomatic representatives, since all activities of the United States Government abroad necessarily are carried out under the direction and guidance of the Ambassador, whose other responsibilities, needless to say, also have been greatly increased as a result of the world tensions which all of us are familiar with.

There are few subjects more complicated and with more traps for the uninitiated and the unwary than our foreign relations. It is not possible to talk about technical cooperation except in the context of our foreign relations. In technical cooperation we have found a weapon with which to combat poverty, ignorance and sickness throughout the world—a weapon which can help to create for millions of people the kind of world that communism promises them but can never give them. It is an instrument capable of doing even more, that is, of producing understanding or helping to produce understanding—understanding which is indispensable to the cooperation among nations which the world requires if it is to survive.

It is not a simple instrument to use because nothing related to our foreign relations is simple or easy, but the complications it presents are fewer than the other complications that traditional diplomacy has to deal with. They are complications that can be overcome as we gain experience with technical cooperation and learn to fit it into its proper place in the broader pattern of our foreign relations.

#### HELLS CANYON DAM

Mr. NEUBERGER. Mr. President, the Memorial Day weekend brought forth a misleading and distorted attack against the proposed Hells Canyon Dam project from the so-called research office of the State Council of Chambers of Commerce.

I realize the Members of the Senate do not have the time to hear all the misrepresentations which this propaganda release contains. However, a few of the most glaring should be cited.

The release charged that Hells Canyon Dam would cost \$465,470,000. Yet Cecil I. Hoisington, Chief of the Analysis and Estimates Branch of the United States Bureau of Reclamation, told the Senate Interior Committee on May 2 that the cost of Hells Canyon Dam would be \$308,472,000.

The chamber of commerce blast charged that Hells Canyon would cost every American taxpayer \$9. No mention is made of the fact, of course, that Bonneville and Grand Coulee, which would be companion projects to Hells Canyon, are now about \$65 million ahead of schedule in paying for themselves.

If Hells Canyon would cost every taxpayer \$9, as the Chamber council con-

tends, what about the \$20 which every taxpayer would have to pay for the upper Colorado project? Of course, the Chamber says nothing about the upper Colorado project, which has the endorsement of Secretary of the Interior McKay. Mr. McKay approves that project, with its \$1,800,000,000 cost to the Government, because no private power company covets the upper Colorado sites.

Furthermore, the chamber of commerce council engages in the usual double talk about a Federal power monopoly. According to the New York Times, 81 percent of all energy used in the United States is generated by private utilities, 13 percent by the Federal Government, and 6 percent by city systems. What is the "monopoly"—81 percent, or 13 percent?

The sad thing, Mr. President, is to see the big utilities which dominate the Chamber of Commerce council leading around small-business men, against the best interests of these businessmen.

Between 1939 and 1948, which were the years when Bonneville public power first became available in the Pacific Northwest, our region had the greatest industrial gain in its history. Payrolls in the Northwest soared 329 percent as contrasted with a national average of 284 percent. This was the one time in Northwest history when payrolls in the Northwest registered a greater gain than the national average. It also coincided with the 10-year period when Bonneville low-cost power first came "on the line."

Yet the Council of State Chambers of Commerce would end this low-cost public power program and surrender the great Hells Canyon power site to the Idaho Power Co., which has the highest rate structure in the Northwest. This may be fine music to utility ears, but it is only a dirge for small-business men in the Pacific Northwest.

I ask unanimous consent, Mr. President, to have printed in the RECORD at the conclusion of my remarks a dispatch from the Idaho Daily Statesman of May 21, 1955, describing support of Hells Canyon high dam by the Washington County Farm Bureau, and also to include letters and resolutions on this issue from the Southwestern Washington Public Utility Commissioners Association.

There being no objection, the news article, letters, and resolutions were ordered to be printed in the RECORD, as follows:

[From the Idaho Daily Statesman of May 21, 1955]

#### FARM BUREAU ASKS SUPPORT FOR HIGH DAM

The Washington County Farm Bureau asked Gov. Robert E. Smylie personally and President Eisenhower by letter Wednesday to support a high Federal dam at Hells Canyon.

Everett T. Gunn and Willis Peterson, directors of the farm bureau from Weiser, said the governor gave them a "cordial reception," but indicated he disagreed with them.

Smylie has asked a Senate committee to reject the current proposal for a Federal dam, and indicated he favors the Idaho Power Co. proposal as a means of getting more kilowatts faster.



north 6,244.55 and west 377.41 is hereby declared to be a nonnavigable water of the United States within the meaning of the Constitution and laws of the United States.

SEC. 2. The line hereinbefore described shall be established as a combined pierhead and bulkhead line of the Greenwich Harbor.

SEC. 3. Any project heretofore authorized by any act of Congress, insofar as such project relates to the above described portion of the Greenwich Harbor, is hereby abandoned.

SEC. 4. The right to alter, amend, or repeal this act is hereby expressly reserved. This act shall become effective when the State Highway Department of Connecticut has completed the dredging to a depth of 6 feet of a compensating anchorage area of nine-tenths of an acre, to the satisfaction of the Division Engineer of the Corps of Engineers in charge of the locality.

The PRESIDING OFFICER. The question is on agreeing to the committee amendments.

The amendments were agreed to.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

#### TO DECLARE THE PORTION OF THE WATERWAY AT BRIDGEPORT, CONN., KNOWN AS THE WEST BRANCH OF CEDAR CREEK, A NONNAVIGABLE STREAM

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of Order No. 400, S. 1469.

The PRESIDING OFFICER. The Secretary will state the bill by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 400) to declare the portion of the waterway at Bridgeport, Conn., known as the west branch of Cedar Creek, a nonnavigable stream.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas.

The motion was agreed to; and the Senate proceeded to consider the bill which had been reported from the Interstate and Foreign Commerce with an amendment on page 1, line 8, to strike out "Connecticut Geodetic" and insert in lieu thereof "Corps of Engineers' Harbor Line", so as to make the bill read:

*Be it enacted, etc.,* That the portion of the waterway in which is located the west branch of Cedar Creek in the town of Bridgeport, Conn., lying north of a line extending north 78 degrees 56 minutes 01 second east from a point (773 feet from the northwest corner of the existing bulkhead and pier line) whose coordinates in the Corps of Engineers' Harbor Line system are south 937.23 and west 1,108.40, is hereby declared to be a nonnavigable water of the United States within the meaning of the Constitution and laws of the United States.

SEC. 2. The line hereinbefore described shall be established as a combined pierhead and bulkhead line of the west branch of Cedar Creek.

SEC. 3. Any project heretofore authorized by an act of Congress, insofar as such project relates to the above-described portion of the west branch of Cedar Creek, is hereby abandoned.

SEC. 4. The right to alter, amend, or repeal this act is hereby expressly reserved.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. JOHNSON of Texas. I wish to thank my delightful friend, the Senator from Rhode Island [Mr. PASTORE], for coming to the floor and so very ably and efficiently handling the bills from his committee. Nobody handles legislation any better than the able junior Senator from Rhode Island. I am grateful to him for his willingness to cooperate with the leadership at all times.

Mr. PASTORE. It is very exhilarating to find our majority leader in such a generous mood.

#### SUSPENSION OF DUTIES AND IMPORT TAXES ON METAL SCRAP

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of Order No. 389, H. R. 5223.

The PRESIDING OFFICER. The Secretary will read the bill by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H. R. 5223) to continue until the close of June 30, 1956, the suspension of duties and import taxes on metal scrap, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas.

The motion was agreed to; and the Senate proceeded to consider the bill.

Mr. JOHNSON of Texas. Mr. President, the purpose of H. R. 5223 is to continue the existing exemption of metal scrap from import duties and taxes for another year, to June 30, 1956, with the proviso that the suspension shall not apply to lead scrap or to zinc scrap.

The PRESIDING OFFICER. The bill is open to amendment. If there be no amendment to be offered, the question is on the third reading and passage of the bill.

The bill was ordered to a third reading, read the third time, and passed.

#### THE MUTUAL SECURITY ACT OF 1955

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of Order No. 386, S. 2090.

The PRESIDING OFFICER. The Secretary will state the bill by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 2090) to amend the Mutual Security Act of 1954, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas.

The motion was agreed to; and the Senate proceeded to consider the bill.

Mr. JOHNSON of Texas. Mr. President, I am sure the bill which is now the unfinished business of the Senate will not be passed as rapidly as the preceding bills have been passed. As Senators know, it is the mutual-security bill.

#### RIGHT-TO-WORK LAWS

Mr. GOLDWATER. Mr. President, I read a question propounded by the American Press:

Eighteen States now have laws forbidding compulsory union membership even in union shops, thus permitting employers to hire nonunion men to fill vacancies. The unions are seeking revision of the Taft-Hartley law to take away from the States the power to pass such laws. Do you think the Taft-Hartley law should be amended in this manner?

That question was propounded in the April 1955, issue of the American Press, an independent magazine for home-town newspapers.

I read that question because it pertains to a matter of vital interest in all the States of the Union and will unquestionably be one of the issues in the 1956 campaign. It is interesting to note that 86.1 percent of the country's editors favor right-to-work laws, and oppose any Federal action against such legislation.

I ask unanimous consent that the question I have read and the answers received to the question from country editors be printed in the RECORD at this point, as a part of my remarks.

There being no objection, the question and answers were ordered to be printed in the RECORD, as follows:

86.1 PERCENT OF COUNTRY EDITORS FAVOR "RIGHT TO WORK" LAWS—OPPOSE ANY FEDERAL ACTION AGAINST THEM

Editors of weekly newspapers are almost unanimously in favor of the so-called right-to-work laws, now in force in 18 States, forbidding compulsory union membership, according to the American Press' poll on the subject.

The unions are trying to get these laws repealed by getting the Taft-Hartley law amended to forbid such State legislation. But they will get practically no support from the country newspapers, the survey indicates.

The American Press' question read: "Eighteen States now have laws forbidding compulsory union membership even in union shops, thus permitting employers to hire nonunion men to fill vacancies. The unions are seeking a revision of the Taft-Hartley law to take away from the States the power to pass such laws. Do you think the Taft-Hartley law should be amended in this manner?"

To the question, 86.1 percent of the 1,050 editors responding said, "No"; 10.6 percent said, "Yes"; and the rest didn't answer.

Chief argument of the opposition was that it is un-American for any man to have to join any group in order to get a job. Some objected primarily on the grounds that States should be able to make what laws they favored. Comments of some of the editors follow:

"No. Let the States run their own affairs with less power and control from Washington." (Stanley R. Kent, Chrisman (Ill.) Courier.)

"It's a terrible state of affairs when a man must 'pay off' to work or go hungry." (J. Roy Hooke, Ferdinand (Ind.) News.)

"A nonunion man in a union shop always creates an unhappy situation. The union



has done a lot for its members and for the United States. Same rights for all will insure rights for each of us." (E. E. Jebousek, Conrad (Iowa) Record.)

#### LORD HELP THE CAPITALISTS

"No; I am regarded as prolabor, but I believe that no man should ever be required to join an organization merely to get a chance at working for a living." (Jackson N. Baty, Osage (Iowa) Press-News.)

"Will the union's greed for power never be satiated? Lord help our poor, downtrodden, sweatshop capitalists." (Bernard Y. Wickstrom, Stanton (Iowa) Viking.)

"Iowa has such a law and it is a good one. Who wants to clear with a union agent to qualify for a job?" (George Ver Steeg, Pella (Iowa) Chronicle.)

"Compulsory union membership should be against the Constitution." (James R. Whitaker, Lancaster (Ky.) Central Record.)

"I am against State right-to-work laws but am not sure they should be outlawed by Congress. Maybe it should be left to States." (Landon Wills, Calhoun (Ky.) News.)

"Consider these laws good to maintain proper balance between labor and capital." (K. L. Morelock, Haynesville (La.) News.)

"Not 'til unions are required to give strict accounts of use of funds and union racketeering is cleaned out by FBI." (F. E. Wells, Williams (Ariz.) News.)

"No. Great danger now is increasing the dictatorial power of unions with Government blessing." (James Cuzner, Novato (Calif.) Advance.)

"I disapprove of so-called right-to-work laws. But I don't think the Federal Government should interfere with the right of a State to pass such a law, even if it is a bum law." (Si Casady, El Cajon (Calif.) Valley News.)

"The right-to-work bills seem typical of measures advocated by employers who can't handle their own employer relations. Generally speaking, employers get the labor relations they deserve." (John S. Gilmore, Nucla (Colo.) Forum.)

"Both companies and unions in all except a few southern States apparently have found some form of maintenance of union membership worthwhile." (Bob Bobroff, Auburn-dale (Fla.) Star.)

"No. If anything, T-H should be amended to make union membership noncompulsory. Unions are okay, but should be controlled for the good of rank-and-file members." (Lowell Nye, Harvard (Ill.) Herald.)

"When a free American has to buy his job he will soon become a dishonest worker. No law in America should compel a worker to join a union, a church, or a fraternal society." (T. P. Dunn, Auburn (Ill.) Citizen.)

#### AS BAD AS SLAVERY

"Hell, no. Who got that crazy idea? Make unions desirable to workers." (R. G. Starr, Norris City (Ill.) News.)

"I think compelling a man to join a union is just as bad as slavery." (Robert Ehlert, Liberty (Ill.) Bee.)

"I oppose taking any more rights from the States and giving them to an all-powerful Federal Government." (Robert Angers, Jr., Franklin (La.) Banner-Tribune.)

"Unions were needed to put labor in a place to bargain. Today the pendulum has swung too far in the other direction." (Dorothy E. Roberts, Damariscotta (Maine) News.)

"Yes. Let's not make martyrs of union leaders. Besides, why penalize the other 31 States?" (John Benson, Proctor (Minn.) Journal.)

"When a contract is made with a union, the employer gives away his right to hire and

expects the union to furnish him with skilled men. There cannot be two bosses." (Grant Utley, Cass Lake (Minn.) Times.)

"Each State should set up its own labor laws." (T. Ballard Watters, Marshfield (Mo.) Mail.)

"Why talk of freedom, liberty, Americanism, and then permit a group to impose restrictions on a man's right to work?" (D. H. Moreau, Flemington (N. J.) Democrat.)

"More States should adopt laws similar to those 17 which already have them." (John T. Wilson, Jr., Rutherford (N. J.) South Bergen News.)

"Any rewording of the Taft-Hartley law should contain a provision outlawing the high-powered union bosses." (Karl Guthman, Roy (N. Mex.) Record.)

"Yes. If union and employer agree they have conditions to warrant employment of union members only, then that's a working agreement, pure and simple. It's up to both sides to keep their skirts clean so it works right, rather than prohibit by law." (Hubert D. Bliss, Wellsville (N. Y.) Democrat.)

"The unions are becoming too powerful and will be the ruination of this great country if the brakes are not put on soon." (William D. Denton, Elizabethtown (N. Y.) Valley News.)

"Compulsory union membership would eventually mean an ultimate society of a completely organized working class running everything for themselves and eliminating independence of thought and action." (William W. Willson, Benson (N. C.) Review.)

"Yes. 'Right to work' bills are nothing more than 'right to starve' bills." (Roy Parker, Jr., Jackson (N. C.) News.)

"The Taft-Hartley law truly is labor's bill of rights and should not be amended to suit any group of labor bosses. I am a union man myself, having carried a card for more than 30 years, but it's contrary to the American Constitution, the American way of life, and pure common decency to tell any workingman that he must join a union in order to work." (George W. Hall, Myrtle Point (Oreg.) Herald.)

"This involves the line we must draw between State and Federal control. We favor protection of the worker and his free choice of affiliation with unions, but we believe the Federal Government should provide the protection." (W. Robert Walsh, Warren (Pa.) Observer.)

#### FEW REMAINING FREEDOMS

"Since the Federal Government lacks the courage to enforce the Federal Constitution guaranteeing equal rights to all our citizens, the States should clearly have the power to make such laws. There is nothing in the guise of freedom in requiring a person to pay tribute to any organization as the price of holding a job." (Karl R. Bierly, Apollo (Pa.) News-Record.)

"The end result of forbidding compulsory union membership weakens the rights of our working people." (Abraham Beter, Irwin (Pa.) Times-Observer.)

"The right to work is one of our few remaining freedoms. I definitely oppose any further expansion of labor union powers which take away from our democratic heritage." (R. Glen Coward, Belton (S. C.) News.)

"If a labor union can sell itself to a worker, well and good. He must not, however, be compelled to join for any reason except his own free will." (Tom O'Connor, Hampton (S. C.) Guardian.)

#### AGAINST COMPULSORY ANYTHING

"Oppose compulsory anything, whether religion, business monopoly or labor monop-

oly." (Casper Nohner Hayti (S. D.) Herald-Enterprise.)

"I think the District of Columbia and the other States should enact similar laws." (W. Mat Jones, Gatesville (Tex.) News.)

"Texas has had this law and it is working favorably. Labor racketeers are continually trying to rule by force." (Clyde W. Warwick, Canyon (Tex.) News.)

"Compulsory union membership is absolutely un-American and contrary to the foundation stones on which America was founded." (James A. Williams, Wytheville (Va.) Enterprise.)

"T-H law should not be tampered with at all. We've had less strikes the past year. Under Truman we had strikes so often it got to be common-place news." (Raymond S. Davis, Crewe (Va.) Chronicle.)

"Believe States should control their own economy. Centralized government with autocratic control has always led people to losing their liberties." (C. S. Musser, Shepherdstown (W. Va.) Independent.)

"Yes, the lesser of two evils. While the unions are far from perfect, the 'right to work' laws could eventually be used to break the unions." (Joe Davis, Okanogan (Wash.) Independent.)

"The right-to-work laws are just; I think they will become as important an issue as union organization laws were back in the late 1930's. I would favor national legislation stating the right-to-work principle." (Walter S. Brovald, Cadott (Wis.) Sentinel.)

"Yes, if it keeps labor off the unemployment compensation rolls." (Verle E. Evans, Markesan (Wis.) Herald.)

"If any shop votes 100 percent to keep it closed, it can be kept closed. Otherwise, let it be open. Keep it on a shop basis—not union basis. A 100 percent shop would have to solve its own labor problems in the union." (M. H. Johnson, Fountain City (Wis.) Republican.)

#### PROGRAM FOR THE WEEK

Mr. JOHNSON of Texas. Mr. President, if no other Senators desire the floor at this time, before I suggest the absence of a quorum, I should like to inform the Senate of our plan, as much as we know it now, for the remainder of the week.

Following the quorum call, the Senate will be addressed by the distinguished chairman of the Committee on Foreign Relations, the senior Senator from Georgia [Mr. GEORGE].

After his address, the Senate will continue this afternoon with a general discussion of the mutual security bill.

We hope that we may be able to work out an arrangement whereby early tomorrow we can have a yea-and-nay vote on the Fisheries Convention. The majority leader and the minority leader have discussed the matter, and we think that the vote may be possible after the morning hour.

It is also hoped that we may be able to reach an agreement with respect to time for the discussion of the postal pay bill, which has been reported by the Committee on Post Office and Civil Service. I have discussed the matter with the very able chairman of the Committee on Post Office and Civil Service, the distinguished Senator from South Carolina [Mr. JOHNSTON], and with the able



There being no objection, the statement was ordered to be printed in the RECORD, as follows:

#### STATEMENT BY THE PRESIDENT

I would like to issue the following statement about the polio vaccine situation. The last week has been both eventful and encouraging.

A committee of scientists is now screening polio vaccine before it is released for public use. The Surgeon General of the Public Health Service tells me that it is hoped to release some vaccine within a few days. Batches of vaccine must pass the most careful tests that scientists can devise and be as safe and effective as man can make the vaccine.

According to Dr. Francis' report on last year's field tests, the child who was vaccinated had a three-times-better chance of avoiding polio than the child who was not vaccinated.

There has been delay in the vaccination program. But remember—we are dealing in this field with the lives of our children and our grandchildren. Because of scientific work that was done during that delay, science has learned new things about the way viruses behave in large-scale manufacture and about the way we should make vaccine. Scientists have been able to design testing techniques of greater sensitivity and production techniques which build in a greater factor of safety and additional checks on the final product. So, from that delay science has gained new knowledge, new safeguards.

I want to caution the people of our Nation about two things:

First. No vaccination program can prevent all cases of the disease against which it is directed. Let us not forget that Dr. Francis reported the polio vaccine as used in the 1954 field trial was found to be 60 to 90 percent—not 100 percent—effective in the field trials last year.

Second. Although the manufacturers are now moving toward full-scale production and distribution of this vaccine, it will take them varying periods of time to "retool" to meet the revised producing standards. During the months immediately ahead we must be patient while our limited supply of vaccine is used first to help protect those who need it most.

Every parent and every child should be grateful to those scientists who have been working without rest and without relief during recent weeks to find answers to the problems that caused the delay. They have found these answers and another battle in the continuing fight against polio has been won.

#### DISTRIBUTION

Since April 12 the National Foundation for Infantile Paralysis has been furnishing free vaccine for children in the first and second grades, and for children in the third grade who participated in the field tests of vaccine last year. More than 5½ million children have been vaccinated—including 1 of my grandchildren, a first grader. This free vaccination program is the initial method for getting the vaccine to our children. No vaccine is now being distributed in any other way.

Sufficient vaccine to complete the foundation's program should be released within 60 days. Until it is finished all vaccine produced will go to the foundation.

The fact that some children do not get their second injection promptly will not reduce the effectiveness of the first injection. Dr. Salk, himself, stated last week that the level of immunity developed by the first injection would last many months.

#### DISTRIBUTION WHEN THE FOUNDATION PROGRAM IS COMPLETED

As soon as the foundation program is completed, distribution must continue to proceed in a fair and orderly manner. The Secretary of Health, Education, and Welfare presented to me 2 weeks ago a sound plan for the distribution of the vaccine. I promptly endorsed that plan and made it public.

Briefly the voluntary-control plan for distribution will work as follows:

1. Priorities: The vaccine must be used first for those most susceptible to polio. Not only is this just, but also by reducing the incidence of the disease among those most likely to get it we increase the protection for all of us. The National Advisory Committee on Poliomyelitis Vaccine and the Secretary of Health, Education, and Welfare have recommended that the vaccine be administered first to children of the ages of 5 to 9, inclusive.

I strongly endorse this recommendation and call upon our people to adhere strictly to the age 5 to 9 priority during the months ahead. No person not in the 5 to 9 age group should be vaccinated until the children of these age groups have received two vaccinations. The doctors of the country, through the American Medical Association, have pledged their support of these priorities.

The age group of second priority will be established and announced in due course.

2. Output of the manufacturers: Each of the manufacturers of the vaccine has individually agreed to distribute his entire output of vaccine in accordance with this overall plan adopted by the Secretary of Health, Education, and Welfare on the recommendation of the National Advisory Committee.

3. Allocation to States: The Secretary of Health, Education, and Welfare will compile reports on the total output of the manufacturers and allocate the vaccine to each State on the basis of its population of unvaccinated children within the 5-through-9 age group, and subsequently for other age groups.

4. State responsibility: The States will advise the Secretary of Health, Education, and Welfare as to their general plans for distribution of the vaccine and, specifically, their shipping instructions for manufacturers. This information then will be transmitted to the manufacturers.

5. Vaccination programs: To assure that no child is denied vaccination by reason of its cost, some States and localities may operate mass free public vaccination programs for all children.

Other States may provide free vaccination only for children whose parents are unable to pay, through clinics, schools, and preschool programs, or by furnishing free vaccine to private physicians. In those States, a portion of the State allocation of vaccine will flow into normal drug-distribution channels for the exclusive use of children in the priority-age brackets—to be administered by family doctors.

To assist the States in providing free vaccinations, I have recommended that the Congress enact legislation making \$28 million available to the States for the purchase of vaccine. This legislation is now being considered by the appropriate committees of the Congress and I urge its immediate adoption.

6. Keeping of records: Doctors, as well as all manufacturers and distributors of the vaccine, will keep records of the vaccine they handle. Cooperation to this end has been pledged by the doctors, the manufacturers and the distributors.

This plan for distribution of the vaccine can go into effect as soon as the free vac-

ination program of the National Foundation for Infantile Paralysis is completed. Under it, the Federal Government will assume responsibility for the equitable allocation of the vaccine among the States, and the States will assume responsibility for the direction of distribution within their borders.

The program will operate in a sure and orderly way, given the full cooperation of the State officials, the manufacturers, the distributors, the medical profession, and the people of the Nation. I am confident that the program will receive that support.

For these reasons I do not believe that regulatory legislation in this field is necessary.

We all hope that the dread disease of poliomyelitis can be eradicated from our society. With the combined efforts of all, the Salk vaccine will be made available for our children in a manner in keeping with our highest traditions of cooperative national action.

#### AMENDMENT OF MUTUAL SECURITY ACT OF 1954

The Senate resumed the consideration of the bill (S. 2090) to amend the Mutual Security Act of 1954, and for other purposes.

Mr. JOHNSON of Texas. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. GOLDWATER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GEORGE. Mr. President, I rise to present to the Senate S. 2090, the Mutual Security Act of 1955. This is an original bill, reported from the committee. It is therefore subject to amendment as original text, and when I complete my discussion of the bill, it will be open to amendment.

This is one of the most important foreign policy items that will be before the Senate this session. In the critical days ahead, our action here will be of vital importance.

The pending bill has been favorably reported to the Senate by a committee vote of 13 to 2, following some 14 days of committee consideration. It recommends the authorization of a total of \$3.408 billion for military, economic, and technical assistance for the fiscal year 1956. The committee report sets forth in detail, on page 2, the principal sums authorized by the legislation.

The four general types of assistance are as follows:

First. Military assistance funds, total, \$2.5 billion. For the most part, this amount will cover the cost of supplying military items to friendly foreign nations. Included within this amount are sums for direct forces support—\$317 million—and defense support—\$1.0 billion used to buttress the economic strength of countries maintaining large military establishments.

I need not digress at this point, Mr. President, other than to say that the recipient countries are, so far as military establishments are concerned, South Korea, or the Republic of Korea, with some



half million troops who are trained, and Formosa, with some four to five hundred thousand troops.

Second. Development assistance funds, total \$165 million. They will be used to help underdeveloped countries in Asia, the Near East, and Latin America to purchase supplies and equipment. None of these countries receives military assistance.

Third. Technical cooperation funds, total \$172 million. These sums are used primarily for training purposes. They are not used for the purchase of commodities and materials except in limited quantities for training purposes.

Fourth. Finally, there are special funds, totaling \$475 million. These are for particular programs such as the Children's Fund, Palestine Refugees, Assistance to Berlin, the President's Fund for Asia, and other like funds.

I have given these figures, which will be found in detail in the committee report, so that they can be contrasted with our past foreign-aid programs. They deserve careful attention because they illustrate the changing nature of the programs.

When the Marshall plan was first inaugurated in 1948, it was exclusively an economic aid program for Europe. It was conceived as a 4-year operation to rebuild war-devastated Europe so that the people there could live in freedom. As I recollect, it was recommended in that program that some \$17 billion be used, over a 4-year period, for Marshall aid. That purpose would have been accomplished by the 1952 deadline had the Communists seen fit to live at peace. But in the light of growing insecurity in the western world and the Communist attack on South Korea in June of 1950, it became apparent that renewed economic strength in Europe was not enough. It was necessary to buttress economic strength with military strength. This we proceeded to do.

The second phase of our foreign assistance program—the military-defensive phase in Europe—delayed the achievement of our economic goals. But I am able to report to you today that those economic goals have now been achieved, or substantially achieved. From a peak economic aid program of \$3.5 billion in 1950, we have now reduced European economic aid to \$95 million, most of which is to go for assistance to Berlin, Spain, and Yugoslavia. I can also report that our military assistance program to Western Europe has passed its peak. Of the \$1.4 billion which this bill contains for straight military end-use items, less than half is for Western Europe, and much of that is for spare parts.

In recent years the third phase of our aid program has developed. It has involved increasing amounts of military assistance to free Asian countries, particularly South Korea and Nationalist China. But this year we are beginning to see that phase of our aid program leveling off.

We are now beginning the fourth phase—the phase which emphasizes technical and economic assistance to Asia, the Near East, and Latin America.

In the space of 7 years, Western Europe with our assistance has achieved virtually complete economic recovery from the aftermath of the war. We have assisted many of these nations which might have succumbed to communism riding to power on economic chaos. The record of the Marshall plan in Europe is the answer to those on this floor who repeated, year after year, that economic assistance to Europe was money wasted. It was not. It was assistance which helped build the foundations that today underlie a free Europe.

I think it is not remiss for us to pause a moment in our deliberations to pay our deep respect to Gen. George C. Marshall, the man who had the foresight and the faith to press ahead with a job that needed doing. At that time, it was not pleasant to propose to the American people that they reach down into their pockets to dig up money to send to Western Europe. But they did just that, with wide support from both sides of this aisle.

Now that the principal burden of economic assistance to Western Europe is over, the American people are asked to support an economic-type program in Asia. I believe the sums we now put to work to help Asia learn how free enterprise operates and how the power of free men can speed their economic growth and freedom, are eminently worthwhile.

If there are on this floor today any who would reduce the economic assistance funds in this bill—who would ask India, or Pakistan, or the Near Eastern countries, to look elsewhere for assistance in moving ahead hand in hand with the free nations—let them weigh the consequences. Every point of the arc of free Asia abuts the core of world communism. That arc of freedom will either hold communism within its present bounds or will absorb the doctrine of communism. I propose to do all I can to help keep those nations free and strong.

I wish it were not necessary to include military-assistance funds in this bill. But so long as we constantly face the threat of Communist use of military force, the free nations must be ready to defend themselves. Communist threats toward Formosa emphasize the good judgment of years past in providing military and economic assistance for Nationalist China. A weakening of resolution in Asia would be an open invitation to Communist penetration.

I do not propose here to give detailed information on the military-assistance program. Much of it, of course, is secret. The general outlines of the program are given in the committee report. I want to emphasize two things, however, about the military-assistance program.

First, this assistance is not given for any aggressive purpose. Nations receiving military aid are helped only because we believe their strengthened defense is essential to the security of the United States. Before any assistance is granted to any nation, it is required to agree to a number of provisions relating to supervision of the items received. But, most

important of all, military assistance is made available, and I quote from the act:

Solely to maintain the internal security and legitimate self-defense of the recipient nation, or to permit it to participate in the defense of its area or in collective-security arrangements and measures consistent with the Charter of the United Nations.

One reason I emphasize this point is because some questions have been raised about military assistance being given to certain of the Arab countries, whereas no military assistance has been given to Israel. Mr. Stassen was questioned directly on this point. He emphasized, and I quote him, that—

We are not furnishing arms to any country that borders on Israel, nor to Israel. We are furnishing arms to the countries that are up against the Soviet.

Mr. Stassen then emphasized that it is United States policy "to endeavor to establish peace in the Near East."

The second point I must emphasize about military assistance is that these dollars are spent for the defense of the United States. Admiral Radford told the committee:

We cannot be secure without our allies and they cannot be secure without us. It is clearly a case of interwoven self-interest. \* \* \* The expenditures made for equipping and maintaining United States forces at strategic areas abroad are never called aid. Neither should essential expenditures which support these alliances and enable our allies to equip and maintain their own national forces in these same strategic areas be looked upon as aid. It would be more correct to label them defense-alliance expenditures, designed to safeguard in the most effective manner, and at times in the only possible way, the security of the United States and of the other free nations of the world.

Assistant Secretary of Defense Hensel remarked:

A dollar abroad buys more front-line defense (for the United States) than a dollar spent at home.

If there are among us those who would drastically reduce these military assistance funds, they must assume the burden of proving that defenses of the United States would be stronger without foreign bases, without allies, and without foreign troops to fight at our side should necessity so dictate.

We must never forget that the principal purpose of the Soviet Union during the past 7 or 8 years has been to drive wedges of suspicion and distrust between us and our allies. If they let up temporarily in their drive for world domination it may be merely for the purpose of raising the hopes of the free world and then dashing them to the ground again. They will be back tomorrow trying to destroy our unity and our teamwork.

A case in point is the recent suggestion that Germany be neutralized. This is at once a seductive, dangerous, and unrealistic doctrine. It is seductive because it may have a wide appeal to many people who do not want Germany to become a strong military power again. It is dangerous because it would take the heart out of our western defense system. It is unrealistic because no nation with Germany's strategic location and potential power could long remain neutral.



Sometimes we Americans become impatient with our allies because they do not behave exactly as we would have them behave. Let us remember, however, that there are only about three types of foreign policies from which we can choose. We might choose isolationism, or, on the other extreme, we might even try to dominate the world as a dictator. The only other alternative is to build an alliance of equal partners jointly dedicated to the task of keeping the free world free. This is the course we have chosen.

That is exactly why our role of leadership in the world is so difficult. We do not want satellites. We are a part of an alliance of free and independent nations. In such an alliance honest differences of opinion are bound to arise, and such differences are played up by all the devices known to Communist propaganda.

That is precisely why we must not relax our efforts now. Largely because of our mutual aid program the Soviet policy of preventing European unification has collapsed. Now that we are in sight of our goal we cannot afford to heed the command to halt.

In consideration of the pending bill there were several matters that were of special concern to the committee. I shall touch upon them briefly.

Administration: First was the matter of administration.

It will be recalled that last year the Congress provided that the Foreign Operations Administration was to be terminated not later than June 30 of this year, and that the technical assistance program was to be administered by the Department of State.

Early this month, in conformity with the congressional act, the President issued an Executive order which abolished the Foreign Operations Administration. Matters relating to the furnishing of military items to foreign countries are to be transferred to the Department of Defense. Such functions of an economic nature that remain are for the most part to be administered by the Department of State.

These are good moves. These steps were taken because the Congress has felt that the continuation of an independent agency whose life depends on the continuation of aid programs was undesirable. There must never be a breath of possibility of suspicion that mutual assistance, whether it be economic, technical, or military in character, is justified for any other reason than that it promotes the national interest of the United States. There must be no possibility of such programs being planned to keep agencies alive. They must be rooted in the defense or the foreign policy interests of this Nation. Hereafter, they will be presented to the Congress by the regular departments of this Government charged not with responsibility for foreign aid as such, but charged instead with principal responsibility for the defense and the foreign policy of the United States.

In connection with the transfer of FOA functions to the Department of State and the Department of Defense, questions were raised about section 10 of

the bill. That section provided for the termination prior to January 1, 1956, of the employment of any person above the grade of GS-9, notwithstanding the provisions of any other law except legislation with respect to veterans' preference. The argument in support of this position is set forth in a letter which I received from the Secretary of State.

In brief, the Secretary noted that a period of administrative chaos would ensue if in the process of transferring FOA functions and personnel to the State Department it were necessary to follow the normal civil service procedures in terminating employment. He noted that the technique of "bumping" meant that prolonged uncertainty of employment for large numbers of employees would be hard on morale.

The committee felt that waiver of the provisions of law would be equally disruptive of morale. It declined to accept the language proposed by the Executive. The committee version of section 10 provides that the President's authority to transfer or abolish functions of the FOA is to be administered in accordance with applicable laws and regulations relating to the civil service and veterans' preference.

Unobligated and unexpended balances: As is usual, questions were raised about the perennial problem of unexpended and unobligated balances. The argument was made that these funds are so excessive that Congress would be justified in slashing the requests for new funds.

Without going into great detail on this matter, I refer Members to the committee report which gives the figures on both unobligated and unexpended balances. Then let me emphasize that the figures related to unexpended balances are of interest solely because they indicate the quantities of goods and services which have been earmarked or ordered, but as yet are undelivered, and hence are not yet paid for. The unexpended balances will be large so long as we authorize substantial programs of items which take more than a year between the date of their being ordered and the date of their delivery.

That is true whether we are dealing with mutual security programs or national defense programs.

The unobligated figure is important because if this figure grows too large it indicates that funds have been appropriated for programs too large for the executive to obligate during a year. But this year the unobligated figure is relatively small. The Department of Defense has estimated that by the end of the current fiscal year the unobligated and unreserved amount will be in the vicinity of \$100 million. Other military assistance funds will either have been obligated in the form of definite contracts or will have been set aside by the Secretary of Defense as reserves to be used in the payment of goods which have been ordered through the services.

The committee took the assurances of the executive that the unobligated figure by June 30 would be in the vicinity of \$100 million. On the chance that there might be some variations in the estimates, the committee provided that

any unobligated sums in excess of \$200 million could not be carried over.

The President's fund for Asian development: One important request considered by the committee called for the authorization of \$200 million of no-year funds for the President to use at his discretion to promote regional cooperation in Asia and to develop economic strength in that area. Although the funds were to be allocated on a country by country basis, the idea behind the fund would be to use it on projects which would benefit not one country only, but several countries. Thus, one of the tentative projects would be to develop the Mekong River which is of potential value to Cambodia, Laos, and Thailand. Other projects would be concerned with improvement of fisheries, transportation, minerals, and communications in the region.

Members of the committee were concerned at the wide-open nature of the President's request, although we did approve in general the idea of seeking to encourage projects that would be of a regional as well as of a country by country value. We amended the proposed legislation in section 8 (k), to limit the availability of the funds authorized to 3 years, recognizing that projects of this nature must not be rushed, yet at the same time that a bad precedent would be established if they were to be made available without any limitation of time. The committee also amended this section to provide that the projects aided by this fund should, in part at least, be of the type which recipient countries would be willing to finance. Thus, 50 percent of the funds, or \$100 million of the \$200 million, are to be on a loan basis. The committee also tightened up the language relative to the breadth of the President's authority in making grants or loans of the funds.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. GEORGE. I shall be through in a minute with this portion of my statement. Then I shall be glad to yield.

Mr. President, I want to emphasize the tremendous importance I attach to the assistance to be given to Asian countries. In recent weeks our eyes have been focused on Europe, but it is in Asia where there are vast areas and vast numbers of people with new, but tenuous, freedom. It is intensely important to the United States that these areas remain free and independent. The people of Asia want freedom and independence; they want recognition as first class citizens; they want to develop their countries. These are concepts we recognize because they are so American in content. This bill will help to make clear that the United States makes common cause with these people as they struggle to retain their newly found freedom against the danger of Communist colonialism.

I now yield to the Senator from Oregon.

Mr. MORSE. Before I ask the question, I wish to commend the Senator from Georgia for the great statesmanship he evidenced in the committee in drafting the bill, particularly the work he did in connection with strengthening



the bill in regard to the so-called loan provisions. The bill this year, in contrast with previous bills, has been greatly strengthened because of the greater stress it places on the loan provisions of the foreign-aid program. I am satisfied the bill would not have been strengthened in this respect had it not been for the leadership shown by the Senator from Georgia in the committee. He stressed the importance of the fact that, after all, we were trying to build up the economic productive power of the people of Asia by making available to them funds which can go into investments in their natural and other resources, so that they themselves may build up their own standards of living.

As the Senator knows, I put it in a little different language in arguing the importance of our exporting enlightened capitalism. What we must do is to export economic freedom of choice for the individual. I believe the Senator from Georgia is strengthening just that kind of export program in strengthening the loan program.

The question I rose to ask the Senator from Georgia is one I ask only for clarification of the record.

Is it not true that so far as Asiatic aid programs are concerned, all the funds are earmarked, except the \$200 million which we make available to the President in the so-called emergency fund, but that even as to the \$200 million, the final conclusion of the committee was that the President should be called upon to make a report every 6 months of the amounts expended?

Mr. GEORGE. The Senator from Oregon is correct. The existing law requires that the President report every 6 months as to the expenditure of any part of the money appropriated for this purpose. The committee recognized the validity and strength of the objections urged by the distinguished Senator from Oregon to a rather open-ended or blank-check grant to the President. But in this kind of an enterprise, if I may so describe it, in this kind of an adventure for the strengthening of the free peoples of the world and those who wish to become free, it is very difficult to give a strict bill of particulars. I think there was no difference in point of principle, but a difference in point of view, as to how far we could specify, by way of a rigid bill of particulars, the things which the President could or should undertake to do. But we did say to him, "The \$200 million must be, at least to the extent of 50 percent, in the form of loans, and not more than 25 percent shall go to any one country in the Asian area. This fund also comes under the limitations of the general law, which is still left intact, obliging you to report every 6 months to the Congress, setting forth precisely and exactly what is done with the money entrusted to you for expenditure."

It is not altogether a satisfactory way, but in the circumstances, and in view of the fact that we are engaging now, and have been for the past several years since 1948, in an adventure in trying to aid the world to get back on its feet and to strengthen the free peoples and those who wish to be free, it is quite difficult to be more specific with a rather limited

amount of money, though considerable within itself, as measured by the general background of the grants which this country has made during the past 8 years.

Mr. MORSE. I was going to mention to the Senator from Georgia that the limitation reads better in the committee report than it sounded in our discussions in committee. I think that when it came to writing some limitations upon the President in the committee report a remarkably fine job was done by the committee staff. I wish to compliment the staff of the committee for framing effective wording in placing checks upon the President, and still leaving the money subject to grant by the President. I think we have adopted limitations in the committee report as much as the matter can be tied down by language. I shall now support the limitations as written by the committee staff.

The second question which I wish to raise, and it is to emphasize what the Senator from Georgia has already said—emphasis which I think is needed, in view of some negative comments about our foreign-aid program—is this: Is it not true that in this year's foreign-aid bill a larger percentage of the aid money will go by way of loans than has been the case in any other previous foreign-aid bill?

Mr. GEORGE. Undoubtedly, that is true. I unquestionably think much of the aid money will be in the form of loans. It was the general sense of the committee that as large a percentage of it as is possible should be in the form of loans rather than of grants.

Mr. MORSE. May I say that I think that is probably true because of the assistance and attitude of the chairman in some of our committee discussions rather than for any other one reason?

Mr. GEORGE. I thank the Senator. I claim no credit for it. I have the profoundest conviction that the Asian people to whom we are directing our attention, prefer this method. I have a profound conviction that it shakes the dignity of the Asian people to regard themselves as the recipients of alms.

Mr. MORSE. I should like to ask one more question. I may say that tomorrow for a few minutes I shall discuss the bill in its overall aspects, and will emphasize 1 or 2 points which I think need to be emphasized, concerning the matter of exporting enlightened capitalism, so-called. But there was some discussion in the committee, concerning aid to India. I think there is some misconception about aid to India because of the fact that India has followed a neutral course of action in international affairs which has caused concern in the minds of some persons. There are those in this country, but, I think, very few, comparatively, who raise a question about aid to India. In the course of their arguments, they make two points on which I should like to have the Senator's comment.

First, that India is not asking for any funds; and, second, that if we grant any funds to India, they should be for the most part loan funds. Is it not true that we have not been making aid grants to India except upon the request and full

cooperation of the officials of the Government of India?

Mr. GEORGE. That is quite true. We have not made them except upon the request and full cooperation of responsible officials of India.

Mr. MORSE. To put it very bluntly, we have not been ramming aid down their throats, but we have been willing to negotiate with them on the basis of their own requests for funds?

Mr. GEORGE. The Senator is quite correct. That has been our attitude.

Mr. MORSE. Is it not true also that so far as India is concerned, in this particular bill we have stressed very much the loan provisions rather than the grant provisions, our feeling being that India must develop her own economy and must do so by way of investment based upon the loan principle?

Mr. GEORGE. The Senator is quite correct. Much of the assistance given by us to India has been in the form of loans. That has been not only our wish, but I am happy to say it has been in accord with the expressed desires of the Indian Government itself.

Mr. MORSE. I thank the Senator from Georgia.

Mr. WILEY. Mr. President, will the Senator from Georgia yield for a brief comment?

Mr. GEORGE. I shall be happy to yield to the Senator from Wisconsin.

Mr. WILEY. Apropos of the Senator's discussion of conditions in the Far East, it was my privilege recently to hear General Carlos Romulo in Milwaukee make one of the greatest speeches I have ever heard. He said that when he went to the Bandung Conference, he went with fear, with doubt, and with trepidation. He said he did not know what was going to happen; he thought that perhaps Africa and Asia were going to join. He said, "I came back exalted. I heard representatives of those nations quote the language of our Declaration of Independence, quote from the Magna Carta, and from the Gettysburg Address. In fact, they said nothing of ill against the United States. Their representatives were representing the ferment of great ideas."

Because of his forceful and logical way of expressing himself, he strengthened me in my resolve that here was an opportunity for us to add to the ferment which he said was there. It was not a ferment of communism, but of liberty, of courage.

He stated that Mao Tse-tung came prepared with a speech, but he could not deliver it until he had had time to rewrite it. Apparently he had come with the idea that the opportunity to unite Asia and Africa was at hand, but instead of that Asia and Africa expressed themselves as being in thought and in act one with the West. To me it was a great moment, listening to a little man, physically, but a man with a big soul and a great purpose. To my mind he showed that we were presented another opportunity, such as we had in Europe, to administer to people who were reaching out for freedom and for spiritual insight, and, as General Romulo said, were expressing their faith in God. They repeatedly spoke of God, a name which the



Communists never used, and never expected to use.

I thought this might be apropos a certain remark which the Senator from Georgia made to the Senator from Oregon.

Mr. BARKLEY. Mr. President, will the Senator from Georgia yield?

Mr. GEORGE. I yield.

Mr. BARKLEY. I am certain the Senator from Wisconsin did not mean to refer to Mao Tse-tung; he meant Chou En-lai, did he not?

Mr. WILEY. Yes.

Mr. BARKLEY. Chou En-lai was the man who went to the conference with a speech he could not deliver. Mao Tse-tung was not there.

Mr. WILEY. It was the representative of Communist China. He made it very clear that he had been taken aback. He had intended to take over the conference; instead, the other nations took it over and presented the ideas of free men, men of courage, who were representing freedom in Asia.

I thank the Senator from Georgia.

Mr. POTTER. Mr. President, will the Senator from Georgia yield for a question?

Mr. GEORGE. I am glad to yield to the Senator from Michigan.

Mr. POTTER. I note in the committee report that the 30-percent requirement for development assistance on a loan basis has been eliminated. Will the distinguished Senator comment on the reason for eliminating that provision?

Mr. GEORGE. I shall be very glad to do so. Some members of the committee thought it unwise to eliminate the provision; other members, the majority of them, believed it to be wise, in light of the fact that the committee was assured that of all the funds authorized and appropriated for the current fiscal year, more than 30 percent had been distributed on a loan basis, rather than as grants.

It was said by the administrators of the fund, by the responsible officials, that the amount of loans probably would run in the neighborhood of 40 percent. They would feel a little restrained if the 30-percent provision remained in the act, because they wished to go more and more to loans. They thought that other countries, which might make applications for various kinds of aid and assistance, would be constantly reminding them of the situation. In effect, the officials said that while they would be bound to expend only 30 percent by way of loans, they would feel free to go much beyond 30 percent, if they had leeway.

When the committee considered the special fund of the President, we provided that the President himself must expend on a loan basis at least 50 percent of the entire \$200 million; but the 30-percent requirement in regard to development assistance was eliminated because of the assurance given the committee by the administrators that not only had they exceeded 30 percent this year, but that they probably could and would be somewhat freer to go beyond 30 percent if no specific requirement were actually written into the law. Other-

wise, they felt they would be bound by the 30-percent provision in the administration of the 1956 appropriation.

Mr. POTTER. Was it the judgment of the committee that if the 30 percent provision were left in the bill, it would serve more as a maximum rather than as a minimum requirement?

Mr. GEORGE. Exactly. The Senator from Michigan has precisely stated the fact. That was the view taken, not by all the committee, I may say, but, finally, by a majority. We felt justified in our action in view of the showing made to us.

Mr. POTTER. The Senator from Georgia has had vast experience in this particular field. Is it his opinion that there has been a tendency, through the granting of direct aid, for certain recipient countries to feel that the United States assumes a more or less paternalistic attitude, rather than a partnership relationship which would exist if the grants were made as loans rather than as gifts?

Mr. GEORGE. I think the Senator from Michigan has stated the situation better than I could. I read from the report of the committee, page 22:

The committee's objective in rejecting the 30 percent loan requirement is to facilitate the use of an even greater percentage of the funds available in the form of loans. The committee attaches great importance to the maximum possible use of loans, and strongly urges the executive branch to move in this direction as rapidly as practicable.

That, I think, was the unanimous judgment of the committee.

Mr. POTTER. Did the Senator's committee receive any testimony as to the amount of funds which have been designated for development and assistance purposes which cannot be granted on a loan basis? I am thinking now about the funds which would be used in Berlin. Is it likely that it might not be desirable to grant such funds on a loan basis?

Mr. GEORGE. That is quite true. Those funds could not be granted on a loan basis.

Mr. POTTER. I am wondering if the Senator from Georgia can give examples similar to the Berlin situation, in which it would not be practicable to allocate funds on a loan basis, but where it would be desirable to give them on a grant basis.

Mr. GEORGE. I am unable to give the Senator specific illustrations; but again and again it was emphasized to the committee that in order to sustain the economy of the countries with whom we were seeking close relations, and with whom we desired a friendly relationship, it was often necessary to assist somewhat on the economic side in the doing of those things which tend to strengthen the general economy of those countries, so as to make them more capable of resisting aggression and of cooperating with the United States in the event of an aggressive action in which we should become involved.

Mr. POTTER. Is it not true that the Soviet Union, when it takes any so-called steps for economic development in other countries, does so on a loan basis rather than on a grant basis?

Mr. GEORGE. So far as I know, that is true.

Mr. POTTER. Has the Committee on Foreign Relations given thought to the possibility of allowing the Administrator or the President to negotiate loans, or even of allowing the Administrator to waive for a number of years the repayment of interest, whether it be repayment in cash, foreign currency, or goods, but, nevertheless, to negotiate a loan contract rather than to make an outright grant?

Mr. GEORGE. That has been constantly the mind of the members of the committee. The committee as a whole wishes to move in that direction. We would be happy, indeed, if we could say that all aid and assistance should be given on a loan basis rather than as a grant.

But there is some reason for leaving the question somewhat open, or at least leaving it to the discretion of the Administrator or the President himself, to whom the appropriation is made, rather than to adopt a rigid program of strictly all loans.

Mr. POTTER. I recognize that each country's situation would differ in that respect. The question in my mind has been the psychological effect upon the recipient countries. I think that many times the United States has not received the full effect of the money which has been given to the recipient countries, because of the fact that there has been a "rich uncle" philosophy on the basis of a money handout, rather than on a partnership basis, in which an agreement is entered into, even though payment is not expected by us for some time. Nevertheless they will feel they are partners in the relationship rather than dependents in a paternalistic program. That is a question with which I have been much concerned.

Mr. GEORGE. I am sure the Senator's concern has been shared by members of the Committee on Foreign Relations. Nothing is more deplorable than the "rich uncle" or "big brother" attitude. It is an attitude wholly unbecoming the United States of America, and ought to be discarded and completely thrown aside in our dealings with other peoples of the world.

I may say to the Senator that attention was called to a situation in which a country would be wholly unable to negotiate a loan adequate to meet its actual necessities, such as making arrangements to defend itself, or putting itself in a defensive posture, or arming itself. In such a situation putting the aid on a loan basis would prove to be inadequate. In circumstances of that kind it was the opinion of the administrators and the President that there should be some flexibility to enable those in charge of the program to make a grant rather than insist on a completely outright loan.

Mr. POTTER. Mr. President, if the distinguished Senator will yield for one further question, I should like to say that I note that \$50 million will go to India for economic development. I well recall when this Government supplied India with wheat. I believe India asked



for the wheat on a loan basis, but we gave them the wheat. I know that the Soviet Union has granted some money for the development of India, although very little, but it has been granted on a loan basis. India has great resources. It is true that at this time they are undeveloped to a great extent. But, with the vast resources India has, I am wondering if it would not be better, in improving our relationship with that great country, to put the \$50 million to be spent on economic development on a loan basis, rather than on a grant basis.

Mr. GEORGE. I may say to the Senator from Michigan that, for the most part, India wants any aid extended to be placed on a loan basis.

Mr. POTTER. I would assume it would.

Mr. GEORGE. I think the total which would go to India under the bill would be about \$85 million. I am not speaking exactly, but, in round numbers, I am in the neighborhood of the accurate figure. Some of that money would be for purely technical assistance. That is aside from some money to be used which could not be placed on a loan basis. However, the economic aid that will go to India, out of the total of \$85 million, is contemplated as largely a loan rather than as a gift.

Mr. POTTER. I am reassured to hear that statement from the Senator.

Mr. BARKLEY. Mr. President, will the Senator from Georgia yield?

Mr. GEORGE. I yield to the Senator from Kentucky.

Mr. BARKLEY. I wish merely to comment on the colloquy between the Senator from Michigan and the Senator from Georgia in regard to the nature of our cooperation with other nations.

The bill is based upon mutuality; it is not based on charity. We do not thereby establish the United States or the Congress as an eleemosynary institution. We have recognized—and I think the change in the name symbolizes the change in attitude—that the program is mutual. We are seeking by this aid, whether it be by loan or grant, to create such a situation that the nations which are the beneficiaries of mutual assistance, whether by grant or loan, will protect our interest, while we are helping them to protect themselves, so long as they are free and are in the family of free nations.

The committee recognized that there might be some countries as to which we might be prone to furnish military aid. If we did not furnish economic aid also, we might find ourselves in a situation where there would be opposite currents. We would be helping a certain nation in a military way, and yet its economic system might collapse, and we would find that our military aid would have been of no real help for the reason that, because of its economic situation, the country might have become a victim of Communist aggression, whether by military or economic means.

Therefore, while we have sought in the bill to bring about both military and economic aid for those countries which need both, we have recognized that one is almost dependent on the other, because it would be foolish for us to send mili-

tary aid to a country whose economy might collapse and which would become a victim of the Communists. We would find we would be working in a vacuum.

I ask the Senator from Georgia if that is not a fair statement of the committee's feeling about the problem.

Mr. GEORGE. I think so. I thank the Senator for his statement.

Mr. BARKLEY. While we have emphasized the necessity and desirability of loans, we have recognized also that there are situations in some countries which make loans impractical. If we allocate the funds altogether on a loan basis, the arrangement might deprive itself of that mutuality which we recognize is in our interest as well as that of the other nations.

Mr. GEORGE. I think the Senator is correct. I, myself, have tried to say the same thing, Mr. President, but I have done so not so well as has the distinguished Senator from Kentucky.

Mr. BARKLEY. The Senator from Georgia is overly modest, I am afraid.

Mr. GEORGE. I may say to the Senator from Michigan that of the \$85 million for India, about \$30 million will be for food. Our surplus agricultural commodities will be utilized. India's attitude is to pay us for the food as well as for any other assistance, except strictly technical assistance or point 4 aid. I think India should certainly pay for the greater part of the development assistance which will be received by her under the bill, if she desires aid.

Mr. POTTER. If the distinguished Senator from Georgia will yield further, I should like to state to the distinguished Senator from Kentucky that it was not the position of the Senator from Michigan to question the necessity for economic assistance. My question was related to the best value we could receive for the funds we send to other nations, whether they are on a loan or a grant basis. I believe that there would be a much greater psychological effect of partnership if the granting of money, whether it be between countries or individuals, is on a contractual loan basis, even though it might not be a good business loan. We might allow the administrator to be very flexible, to waive interest payments, if interest is provided for, or waive repayment, whether it be in cash, in foreign currency, or in kind, so that there would be a contractual relationship between parties, rather than, as I call it, a paternalistic influence of the wealthy giving something to the poor, needy neighbor. That was the very question to which I addressed myself. I wish to thank the distinguished chairman of the Foreign Relations Committee for his valuable advice in this field.

Mr. GEORGE. I thank the Senator from Michigan.

Mr. President, I have almost finished my statement on the bill, and I should like to finish it now.

Proposals to cut the authorization: Finally, Mr. President, proposals were made in the committee by some distinguished members to reduce the amount requested by the President for the program this year. The committee gave most careful attention to these proposals and rejected them.

This is no time for us to begin to trim a little here and a little there. I have seldom appeared on the floor of the Senate to oppose reductions in Federal expenditures on psychological grounds. But if I may say to my colleagues that if even a few dollars could be squeezed out of this bill here and there, I would oppose those cuts because of the impact such action would have on our foreign policy position at this critical time.

The foreign-aid programs of this Government which began soon after World War II were based on the proposition that results could not be expected overnight. The free world could be strengthened only gradually. And once strengthened, the military and economic strength would be recognized and respected by the Soviet Union only over a period of time.

I would not be so optimistic as to say that the future is bright. But it is true that within the past few weeks we have seen what might be construed as some lightening of the shadow that communism has cast over the free world. I am not ready to ascribe definitive reasons for the relaxation of tensions that has been felt in recent weeks.

We have known for a long time that if tension in the world was to be reduced, it could be done only at its source. The source of tension has been the constant post-war threat of communism to move either openly or underground to curtail the liberties of free men.

There may be some ulterior motive now in Soviet action. But it is also possible, and even likely, that our aid programs to the free world are now beginning to show positive results—not only in the free world, but behind the Iron Curtain, as well.

So long as there is a possibility that this program is beginning to pay off, we cannot risk the consequences of complacency. That would be the one sure way to invite the Communists to revert to the technique of on-again-off-again aggression.

We are now committed to explore Soviet intentions at the highest levels. Exploration is at best a dangerous operation. While I am optimistic, and in no sense am a defeatist, yet I realize that we may meet with discouraging results. In any event, I do not want the President of the United States to go into that meeting weakened by hasty and perhaps ill-advised action which we might take on this floor. It is of vital importance to the future of this Nation that he be unimpeded by any indication that the American people and their representatives in Congress do not back one hundred percent the substantial tokens of freedom represented by this bill.

In the history of every nation, there are occasions when it is as important to be united in peace as it is to be united in war. In this mid-century year of 1955, unity in support of the President—not because of his party affiliations—as he enters upon these crucial negotiations is highly essential. I hope very much the Senate will approve the recommendations of the Foreign Relations Committee.

Mr. President, in closing, I may say in that connection, that the high peak of the foreign-aid requests of Congress was



in the Presidential message of 1951, for the fiscal year 1952. The total then requested was \$8,500,000,000, which consisted of \$6,300,000,000 for MDA and \$2,200,000,000 for economic assistance. The total appropriations, based upon that request—as the appropriations were recommended by the Appropriations Committees—were \$7,300,000,000.

Mr. President, we have traveled slowly; but we have come a long way, because the request as we make it today is for an authorization of less than half the amount actually appropriated for the fiscal year 1952.

I wish it were possible for us to make no more appropriations for foreign aid. However, I do not see how that is possible at this time. For my own part, I would rather take the chances of going along the road which our party, as represented by the Members on this side of the aisle, and the other party, as represented by the Members on the other side of the aisle, have followed. We have followed in the face of considerable criticism; but we have followed it with a good deal of faith and courage. And, Mr. President, courage, according to my interpretation of it, is nothing but faith in action.

So I hope the Senate will approve the recommendations we here make for these appropriation authorizations, and not to exceed the several amounts specified, leaving it in the hands of the Appropriations Committee to determine what shall be the precise amounts within that limitation.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. GEORGE. I am glad to yield.

Mr. BARKLEY. First I wish to congratulate the Senator from Georgia, in his individual capacity, and as chairman of this great committee, for the very constructive way in which he has guided this proposed legislation and the broad-minded and realistic comments which he has made upon the pending bill.

I believe that one of the crucial tests of the American people in the years to come will be whether or not they have the fortitude and patience to ride out the storm until, ultimately, world peace will be brought about, on the basis of mutual recognition of the rights of all peoples in their respective countries. We all know that there is not a foot of land or any right to which any other nation or any other people is entitled that we wish to take away from them. All we have sought to do in the past 10 years, and all we seek to do now, is to preserve our own interests, our own rights, our own freedoms, and our way of life, and to help those who join with us in such preservation in preserving their own way of life, so that ultimately the free world, by its example and precepts, may convince the slave world, if there is such, and we feel that there is, of the superiority of our way of life and our institutions, and may stimulate other peoples to emulate our example.

We know that it has been the boast of those who are now and have been for 10 years seeking to destroy liberty that they have patience, that time means nothing to them, and that if they move in one

place and fail, they will move out, and move in somewhere else.

The Senator has eloquently stated that there now seems to be a break in the clouds. However, we never can tell when the clouds may again be consolidated for the downpour which the world has been fearing ever since the end of World War II.

Therefore, while there has been more than a 50-percent reduction in the past 10 years in the amount of foreign aid, is it not wise for our own people to steel themselves against the possibility of a long siege? They should not become weak, overconfident, or overoptimistic, until there is a solidification, to some extent, of world recognition of the right of every country and every people to live its own life, and not have its life and its way, its methods, destroyed by outside aggression, either through military or psychological means. There seems to be a slight break in the clouds. It may be altogether temporary. If we weaken our forces and yield to the temptation to let our guard down, we may find ourselves in a predicament which will be infinitely worse, more expensive, and more burdensome than the appropriation of every dollar recommended in the pending bill. It seems to me that we cannot afford to let our guard down until the time comes when we can feel more certain than we now do of the ultimate results of our cooperative efforts.

Mr. GEORGE. I think the Senator is unquestionably correct. I have never thought otherwise. Although there may be some hopeful portents and promises, there are no present circumstances in the world which would justify any degree of complacency upon our part, or any relaxation of our efforts to reach the goal which may be dimly in sight.

Mr. BARKLEY. Therefore it is the duty of those of us who here temporarily represent the people and speak for them to be realistic with them and with ourselves, and not delude the people into the false hope that because of some temporary situation we can permanently let our guard down and be unaware of the possibilities of danger around the corner.

Mr. GEORGE. I think the Senator is entirely correct.

Let me make one observation, which applies to everything I have ever stood for in public life. I have always been conscious of the fact that my people, those who look directly to me, do not expect me to be free from error. They do not expect a perfect man. They do not expect perfect judgment or perfect decisions. However, they do expect me to be honest. The American people expect the American Senate now, in this midcentury of time, to be honest; and, if Senators are honest, they can give no assurance except that, for the time being, we must keep our hands to the plow.

Mr. WILEY. Mr. President, will the Senator yield?

Mr. GEORGE. I yield.

Mr. WILEY. I have listened with profit, as I always do, to the remarks of the distinguished Senator from Georgia. I wish to join in complimenting him for his statesmanship, and for seeing what

I think are the facts of life in the world today.

I have just returned from my own State. I am frank to say that there is much to be said in favor of giving the people the world facts which they should know. I should like to ask the Senator from Georgia several questions of a general nature.

We have been talking about giving away money or lending money. As a matter of fact, is it not true that every dollar contemplated by the pending bill represents an impact upon the economy of this country, so that the production of the goods which we sell will bring about the creation of new jobs?

Mr. GEORGE. I estimate that at least 75 percent of every dollar we appropriate never leaves our shores. It stays here. The other 25 percent comes back within the course of a very few months.

Mr. WILEY. It comes back in the process of buying what we produce here.

Mr. GEORGE. Beyond any doubt.

By this bill we are increasing the \$350 million earmarked for surplus agricultural products last year to \$600 million for 2 years, which will be paid for out of the dollars appropriated in the pending bill.

Mr. WILEY. The Senator has anticipated my next question, which is whether or not the effect of providing this credit is an easing of the pressure created by built-up surpluses of goods of which we have an overproduction. I refer to agricultural products, as well as others.

Mr. GEORGE. I have tried to say precisely that I do not agree that we have an overproduction. I think we simply have a lack of wide distribution of the products and bounties of nature which a kindly Providence has given us.

Mr. WILEY. I agree with that analysis. We use the expression rather loosely. We have built up surpluses. In that connection, I observe that there are 400 million children in the world who need the milk we produce. It is a question of distribution, and how to solve that problem. It is not a problem of lessening production, but a problem of distribution.

Mr. President, I expect to speak on this subject tomorrow.

#### FAMILY COURT FOR THE DISTRICT OF COLUMBIA

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Order No. 387, S. 1289. The distinguished senior Senator from Oregon [Mr. MORSE] is on the floor and I should like to have him give a brief explanation of the bill.

Mr. POTTER. Mr. President, I assume that the bill has been cleared with the minority members of the committee and with the minority leader. Am I correct?

Mr. JOHNSON of Texas. I assure the Senator that that has been done.

The PRESIDING OFFICER. The Secretary will state the bill by title for the information of the Senate.



The LEGISLATIVE CLERK. A bill (S. 1289) to establish a family court in and for the District of Columbia.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Texas?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on the District of Columbia with an amendment, to strike out all after the enacting clause and insert:

That there is hereby created in the Municipal Court for the District of Columbia a Domestic Relations Branch.

SEC. 2. Definitions: As used in this act—

(a) "Branch" and "Domestic Relations Branch" mean the Domestic Relations Branch of the Municipal Court for the District of Columbia created by this act;

(b) "Court" means the Municipal Court for the District of Columbia and the several judges thereof.

SEC. 3. (a) Additional judges: The first section of the act entitled "An act to authorize the appointment of three additional judges of the municipal court for the District of Columbia and to prescribe the qualifications of appointees to the municipal court and the municipal court of appeals, and for other purposes," approved October 25, 1949 (63 Stat. 887), is hereby amended by striking therefrom "thirteen" and inserting in lieu thereof "fifteen."

(b) One or more judges of the municipal court shall serve in said branch for such periods and in such order of rotation as the judges of the court may determine.

SEC. 4. The court shall have authority to appoint a commissioner or commissioners to assist the judges sitting in the branch. In accordance with rules adopted by the court, such commissioner or commissioners may investigate facts and file for the consideration of the judges in the branch a report setting forth the information obtained by such investigation: *Provided*, That the right to examine, and file exceptions to any such report, shall be reserved to each interested party or his attorney.

SEC. 5. Jurisdiction of domestic relations branch: The Domestic Relations Branch and each judge sitting therein shall have exclusive jurisdiction over all actions for divorce from the bond of marriage and legal separation from bed and board, including proceedings incidental to such actions for alimony, pendente lite and permanent, and for support and custody of minor children; applications for revocation of divorce from bed and board; civil actions to enforce support of minor children; civil actions to enforce support of wife; actions seeking custody of minor children; actions to declare marriages void; actions to declare marriages valid; actions for annulments of marriage; and proceedings in adoption.

SEC. 6. (a) Domestic Relations Branch vested with power to effectuate purposes of act: The Domestic Relations Branch is hereby vested with so much of the power as is now vested in the United States District Court for the District of Columbia, whether in law or in equity, as is necessary to effectuate the purposes of this act, including but not limited to, the power to issue restraining orders, injunctions, writs of habeas corpus, and ne exeat, and all other writs, orders, and decrees.

(b) The Domestic Relations Branch shall have the same power to enforce and execute judgments, orders, and decrees entered by it as is now vested in the United States District Court for the District of Columbia. Judgments of the branch shall have the same legal status as liens upon real estate as judgments of the United States District Court for the District of Columbia.

SEC. 7. (a) Amendments of statutes: Section 963 of the act approved March 3, 1901 (31 Stat. 1345, ch. 845), as amended by the

act approved June 21, 1949 (63 Stat. 215, ch. 233; sec. 16-416, D. C. Code, 1951 edition), is amended by striking therefrom "United States District Court for the District of Columbia", and inserting in lieu thereof "Domestic Relations Branch of the Municipal Court for the District of Columbia."

(b) Subsection (a) of section 3, and section 113 of the act entitled "An act to prescribe and regulate the procedure for adoption in the District of Columbia", approved June 8, 1954 (68 Stat. 241), is amended by striking therefrom "United States District" and inserting in lieu thereof "Domestic Relations Branch of the Municipal."

(c) Section 6 of the act entitled "An act to regulate the placing of children in family homes, and for other purposes", approved April 22, 1944 (58 Stat. 194, as amended), is amended (1) by striking "Office of the Clerk of the District Court of the United States for the District of Columbia" and by striking "Office of the Clerk of the United States District Court for the District of Columbia", and by inserting in lieu of each such phrase "Office of the Clerk of the Municipal Court for the District of Columbia", and (2) by striking "justice of said court" and inserting in lieu thereof "judge sitting in the domestic relations branch of said court."

SEC. 8. Docket: A separate docket shall be maintained for the Domestic Relations Branch. There shall be recorded in such docket the actions taken at each stage of each action and proceeding instituted or conducted in the branch.

SEC. 9. Process: Service of process for the Domestic Relations Branch shall be made by the United States marshal for the District of Columbia or by any of his authorized assistants or in such other manner as the court may by rule prescribe. Service of process for the Domestic Relations Branch may also be had by publication in the same manner as service of process is had by publication for the United States District Court for the District of Columbia.

SEC. 10. (a) Pending cases and files transferred to domestic relations branch: All cases which, on the effective date of this section, are pending in the United States District Court for the District of Columbia and are within the jurisdiction of the Domestic Relations Branch, together with all files, papers, documents, and records in the custody of the United States District Court for the District of Columbia relating to such pending cases shall be transferred to the Domestic Relations Branch.

(b) The United States District Court for the District of Columbia shall, on and after the effective date of this section and upon request of any judge sitting in the Domestic Relations Branch, transfer to such branch the files, papers, documents, and records relating to any case in which final judgment has been entered in respect to divorce from the bond of marriage; legal separation from bed and board; revocation of divorce from bed and board; enforcement of support of minor children or wife; actions for custody of minor children; voiding or validating of marriages; annulment of marriage; or adoption, whether or not any such case has been reopened prior to the effective date of this section.

(c) All judgments, orders, processes, directions, and proceedings entered in any pending or reopened case transferred to the Domestic Relations Branch pursuant to this act shall be continued and proceeded with, and may be modified, enforced, and executed with the same force and effect as if proceeded with in the United States District Court for the District of Columbia; and no such action or proceeding shall abate or be in anywise affected by the enactment of this act.

SEC. 11. Rules: The court shall by rules prescribe the fees, charges, and costs and the forms of process, writs, pleadings, and motions, and the practice and procedure in ac-

tions and proceedings in the Domestic Relations Branch. Such rules shall neither abridge, enlarge, nor modify the substantive rights of any litigant. Except as otherwise specifically provided by such rules, the applicable Federal Rules of Civil Procedure shall govern in the branch.

SEC. 12. Appeals: Any party aggrieved by any final or interlocutory order or judgment entered in the Domestic Relations Branch shall have the same right of appeal available in respect to any final or interlocutory order or judgment entered in the civil branch of the court.

SEC. 13. Sessions: The Domestic Relations Branch, with at least one judge in attendance, shall be open for the transaction of business every day of the year except Saturday afternoons, Sundays, and legal holidays, and, if deemed necessary, may also hold night sessions.

SEC. 14. Jurisdiction of juvenile court not affected: Nothing contained in this act shall be construed so as to affect or diminish the jurisdiction of the Juvenile Court of the District of Columbia, or any judge presiding therein.

SEC. 15. Appropriations authorized: Appropriations for expenses necessary for the operation of the Domestic Relations Branch, including personal services are hereby authorized.

SEC. 16. Effective dates: This act, except sections 5, 6, 7, and 10, shall take effect upon its approval. Sections 5, 6, 7, and 10 shall take effect 30 days after the appointment and qualification of the two additional judges authorized by this act to be appointed to the court.

Mr. MORSE. Mr. President, this bill comes to the floor with the unanimous report of the Committee on the District of Columbia.

The purpose of the bill, as amended, is to establish a domestic relations branch in the municipal court for the District of Columbia. Jurisdiction over all actions for divorce from the bond of marriage and legal separation from bed and board, including proceedings incidental to such actions, for alimony, pendente lite and permanent, and for support and custody of minor children; applications for revocation of divorce from bed and board; civil actions to enforce support of minor children; civil actions to enforce support of wife; actions seeking custody of minor children; actions to declare marriages void; actions to declare marriages valid; actions for annulments of marriage; and proceedings in adoption, would be transferred from the United States District Court for the District of Columbia, to the municipal court.

The bill also authorizes the appointment of two additional judges to the municipal court. These judges would rotate in the domestic relations branch along with the other judges of the court.

The court is given authority to appoint commissioners to assist the judges sitting in the new branch for the purpose of investigating facts and reporting thereon, with a proviso that the right to examine and file exceptions to such commissioner's reports shall be reserved to each interested party or his attorney.

The domestic relations branch shall maintain a separate docket, and service of process shall be made by the United States marshal, or in such other manner as the court shall by rule prescribe.

The bill further provides for the transfer of pending cases and files pertaining



I ask unanimous consent that the Atlanta Journal editorial be printed in the RECORD as evidence of the esteem and respect in which so many Americans hold Bernard M. Baruch.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

#### BARUCH'S CLASSIC ON WILSON

Occasionally some writer accomplishes perfection of thought and expression in a piece that is recognized, even if it is read for the first time, as a classic. It has the qualities that will make it endure.

Such an accomplishment is the address by Bernard M. Baruch delivered at a meeting to announce plans for the Woodrow Wilson Centennial Anniversary during 1956.

Mr. Baruch made Woodrow Wilson's magnificent wisdom his own. He, too, sees with that perception that enabled Wilson to comprehend nations and, at the same time, to understand the human heart.

It is speech filled with statements and phrases almost startling in their succinct penetration. It is a summary of the possible—which lesser men called impossible—that Wilson conceived and Baruch understands.

Mr. JOHNSON of Texas. Mr. President, I suggest the absence of a quorum. The PRESIDING OFFICER. The Secretary will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the call of the roll be rescinded.

The PRESIDING OFFICER (Mr. BEALL in the chair). Without objection, it is so ordered.

#### INCREASE IN PAY OF POSTAL EMPLOYEES—UNANIMOUS-CONSENT AGREEMENT

Mr. JOHNSON of Texas. Mr. President, there is at the desk an unanimous-consent request which has been approved by the distinguished minority leader, the distinguished chairman of the Committee on Post Office and Civil Service, and the distinguished ranking minority member of that committee. On behalf of the minority leader and myself I offer the request and ask that it be read.

The PRESIDING OFFICER. The unanimous-consent request will be read.

The legislative clerk read as follows:

*Ordered*, That effective on Wednesday, June 1, 1955, after the conclusion of routine morning business, the Senate shall proceed to the consideration of S. 2061, a bill to increase the rates of basic compensation of officers and employees in the field service of the Post Office Department, and that debate on any amendment, motion, or appeal, except a motion to lay on the table, shall be limited to 1 hour, to be equally divided and controlled by the proposer of any such motion or amendment and the majority leader: *Provided*, That in the event the majority leader is in favor of any such amendment or motion, the time in opposition thereto shall be controlled by the minority leader or some Senator designated by him: *Provided further*, That no amendment that is not germane to the provisions of the bill shall be received.

*Ordered further*, That on the question of the final passage of the bill debate shall be limited to 1 hour, to be equally divided and controlled, respectively, by the majority and minority leaders.

The PRESIDING OFFICER. Is there objection to the unanimous consent request? The Chair hears none, and the request is agreed to.

#### MUTUAL SECURITY ACT OF 1955

The Senate resumed the consideration of the bill (S. 2090) to amend the Mutual Security Act of 1954, and for other purposes.

#### UNANIMOUS-CONSENT AGREEMENT

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that a proposed unanimous-consent agreement, which is offered on behalf of myself and the distinguished minority leader, be read.

The PRESIDING OFFICER. The clerk will read the proposed unanimous-consent agreement.

The legislative clerk read as follows:

*Ordered*, That effective on Thursday, June 2, 1955, after the conclusion of routine morning business, during the further consideration of S. 2090, a bill to amend the Mutual Security Act of 1954, debate on any amendment, motion, or appeal, except a motion to lay on the table, shall be limited to 2 hours, to be equally divided and controlled by the proposer of any such motion or amendment and the majority leader: *Provided*, That in the event the majority leader is in favor of any such amendment or motion, the time in opposition thereto shall be controlled by the minority leader or some Senator designated by him: *Provided further*, That no amendment that is not germane to the provisions of the bill shall be received.

*Ordered further*, That on the question of the final passage of the bill debate shall be limited to 2 hours, to be equally divided and controlled, respectively, by the majority and minority leaders.

Mr. JOHNSON of Texas. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Is there objection to the unanimous-consent agreement proposed by the Senator from Texas? The Chair hears none, and the agreement is entered into.

#### THE SALK POLIO VACCINE

Mr. MORSE. Mr. President, I wish to make a few remarks on the statement by the President released by the White House today on the polio vaccine situation, as he calls it.

The President states:

The last week has been both eventful and encouraging.

Let me say, Mr. President, that all the events in the polio vaccine matter since April 12 have been eventful, but many of them most discouraging.

I wish to read one paragraph of the President's statement and make a brief comment on it. He says:

There has been delay in the vaccination program. But remember—we are dealing in this field with the lives of our children and our grandchildren. Because of scientific

work that was done during that delay science has learned new things about the way viruses behave in large-scale manufacture and about the way we should make vaccine. Scientists have been able to design testing techniques of greater sensitivity and production techniques which build in a greater factor of safety and additional checks on the final product. So from that delay science has gained new knowledge, new safeguards.

I say most respectfully that the scientists knew of that problem before the vaccine was released. I say that the scientists have not learned any new techniques about this vaccine. They knew those techniques from the beginning. The difficulty is that those representing the Government in an administrative position decided, back in April, against exercising the most precautionary testing techniques for this vaccine. That is what the President ought to have told the American people about the vaccine today. He did not tell them that, because if he had told them that he would not have tried to cover up the mistakes the administration has made on the whole vaccine program.

It is a very interesting cover-up message the President has sent to Congress, but let us keep the record straight, Mr. President. The record is that prior to April 12, 1955, there was a great division in the thinking of the scientists in regard to this matter. There were differences of opinion as to whether or not, for example, our pure food and drug officials and our Department of Health, Education, and Welfare should allow the vaccine to go out to the American public and have it injected into the arms of American boys and girls without the batches of vaccine made by the various companies tested under the stringent techniques that were known then, and which are now being required by our public health officials.

I am very glad that at long last our public officials are now requiring the maximum precautions in testing the vaccine. But my answer to the President of the United States is that eminent authorities abound that all these techniques were known prior to April 12. The fact is that our Government did not require the testing precautions which should have been required. Had they been required, we would not have had the confusion, to which the President refers, that has developed in this matter.

The President says further in his message:

During the months immediately ahead we must be patient while our limited supply of vaccine is used first to help protect those who need it most.

Administration officials knew that away before April 12, Mr. President. They knew before April 12 how limited the supply was going to be, and they knew before April 12 that if the vaccine was going to be injected into the arms of children in the age bracket of 5 to 9, the Government was going to have to see to it that there would be set up a fair distribution of the vaccine. It was not set up. Thus we have gone through these weeks of confusion and vacillation



to domestic relations matters, to the Domestic Relations Branch.

Provision is made for the same right of appeal as is presently available in the civil branch of the court, and specifically states that the jurisdiction of the Juvenile Court will not be affected or diminished by the provisions of the bill.

It is estimated that the cost of the proposed branch, including the appointment of two additional judges, would amount to \$121,580 annually.

I may say at this time that it is the view of the committee that we should try this procedure for a time and then consider anew other recommendations—which the committee rejected—which sought to establish a so-called family relations court as such. It was the opinion of the committee that this bill would accomplish the maximum good that was sought by the various organizations which wanted to take away from the United States District Court jurisdiction over domestic relations matters. The committee is of the unanimous opinion that such jurisdiction should be taken away from the District Court; and we are satisfied that putting it in the municipal court will establish a system which will meet the domestic relations needs of the District of Columbia.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended, so as to read: "A bill to establish a Domestic Relations Branch in the Municipal Court for the District of Columbia, and for other purposes."

#### THE AMERICAN NATIONAL RED CROSS

Mr. CARLSON. Mr. President, I rise to pay a tribute to the American Red Cross. When disaster strikes our Nation, we are fortunate to have an agency which is not only immediately available, but is prepared to act.

Last week communities in Kansas and Oklahoma suffered tragic losses of both life and property from a devastating tornado which struck Blackwell, in Kay County, Okla., about 10 p. m. on May 25, where at least 19 persons were killed and over 200 injured. More than 100 were seriously injured and hospitalized.

The storm proceeded into Kansas and struck Udall, a small town with a population of 600, in Cowley County, Kans. Here the storm was most devastating, and every house and business building in the city was either destroyed or sustained major damage. Seventy-six persons lost their lives, 275 were injured, with 200 being hospitalized.

The Red Cross chapters in the devastated areas were quickly mobilized, and it was only a matter of hours until teams of doctors, nurses, and many volunteers were sent to meet the emergency needs of the disaster victims.

The Red Cross is now carrying on a program of caring for the homeless and making preparations for the rehabilita-

tion of the people and the reconstruction of the devastated communities.

I take this opportunity to pay a tribute to the Red Cross for organizing the relief and rehabilitation work in these communities. I also want to mention the splendid work done by the volunteer organizations and citizens generally in the surrounding territory in assisting those who suffered so seriously in the storm.

This disaster has again given citizens of our State, and especially of the surrounding territory, an opportunity to demonstrate their neighborliness and their interest in those who must endure suffering and loss.

I ask unanimous consent that the report that I have received from Mr. R. T. Schaeffer, national director of the disaster services of the American National Red Cross, be printed in the RECORD as a part of these remarks.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

MAY 26, 1955.

Subject: Oklahoma, Kansas tornadoes DR 786.

To: Mr. John C. Wilson.

From: R. T. Schaeffer.

Beginning late in the evening Wednesday, May 25, a series of tornadoes struck glancing blows at four counties in the Oklahoma Panhandle. Damage was relatively light in Leedey, Dewey County, the rural areas in Woodward, and Ellis Counties. Heavier damage, however, was sustained in the community of Cheyenne in Roger Mills County where 2 persons were killed, 1 injured and hospitalized, 18 houses destroyed, and 12 damaged. All of the tornado-conscious chapters went into immediate action, but fortunately the emergency needs of the families were very minor. One Red Cross field representative has been assigned to assist the chapters in the estimated rehabilitation for the five families.

As the storm moved in a northeasterly direction it gained in intensity and at approximately 10 p. m., tornadic winds lashed Blackwell in Kay County, Okla. The midwestern area office in St. Louis reports that at least 19 persons were killed in Blackwell, and over 200 injured with 100 of the more seriously injured being hospitalized. Latest reports from survey teams on property damage show that the twister flattened the homes in a 24-square block area and damaged others in a fringe area of approximately 50 square blocks. With the count incomplete it is estimated that 100 houses were destroyed and at least 200 damaged.

The next victim of this vicious storm was Udall, Cowley County, Kans., with a population of 600. Reports from that community show that every house and business building were either destroyed or sustained major damage. At 4 p. m. today there were 76 known dead, 275 injured with 200 of the victims hospitalized in five different hospitals within the area. It is estimated that at least 170 houses have been destroyed, with the survey still incomplete.

Red Cross chapters in the devastated areas quickly mobilized first aid teams, doctors, nurses, and many volunteers to meet emergency needs of the disaster victims. First-aid stations were set up in churches, the armory and other buildings in Blackwell, Okla., where many of the injured were given first-aid treatment.

Two shelters and feeding centers have also been established. A mobile canteen manned by volunteers from the Oklahoma City Chapter arrived in Blackwell at dawn this morn-

ing to provide canteen service to victims and rescue workers.

Winfield, Kans., nearby headquarters for the community of Udall became the center of relief activities. A shelter and feeding center was established in the armory for the survivors of the tornadic winds. Doctors and nurses from Wichita and other nearby communities rushed to Winfield and Arkansas City where many of the injured were taken.

The Sedgwick County Red Cross Chapter at Wichita dispatched a mobile canteen into Udall along with a disaster rescue unit. The McConnell Aircraft Co. gave invaluable assistance by sending in 2 teams of doctors with 2 ambulances, 2 first-aid teams and a supply of cots and blankets.

The Wichita, Kans., blood center exhausted its supply of blood for victims during the night, and an early morning public appeal brought a block long line of donors to replenish the supply for growing needs. The Red Cross Blood Center at St. Louis sent an emergency shipment of 90 units of blood by police escort to the airport where civilian air patrol planes transported the blood to Wichita to cover immediate needs.

Members of the field staff of the national organization were rushed to the devastated areas to assist local Red Cross chapters.

Dr. Raymond Barnes, Medical Director and Tom Desmond, Director of Disaster Service for the Midwestern Area left St. Louis early this morning to assume direction of Red Cross disaster relief activities. In addition to Dr. Barnes and Mr. Desmond, 48 staff members of the national organization including 16 nurses are now either in the affected area or en route.

General headquarters for the two State areas is being established at Arkansas City, Kans. with Mr. Desmond in charge. Sub-area offices have been established in Udall, Kans. with Mr. Cecil Davis, Director of Disaster Services, Pacific Area in charge and in Blackwell, Okla. with Mr. Ed Brandhorst, Assistant Director, Disaster Services, Midwestern Area heading up relief operations in Kay County.

Reports from the field indicate that there has been excellent coordination and cooperation between the Red Cross, many private agencies and State and local governmental authorities. Civil Defense rescue teams performed valiant service in assisting in the rescue of victims buried in the debris.

R. T. SCHAEFFER,

National Director, Disaster Services.

#### BERNARD M. BARUCH

Mr. JOHNSON of Texas. Mr. President, it is always heartwarming to have due recognition accorded to a great man who has served his country well.

It was with a deep feeling of pleasure that I read an editorial printed in the Atlanta Journal on an address recently delivered by Bernard M. Baruch. The address itself was printed in the CONGRESSIONAL RECORD of last Wednesday and is available for all to read.

In this address, Mr. Baruch—one of the most penetrating thinkers of our times—outlined his own philosophy through a discussion of the works of Woodrow Wilson. It was one of the most revealing statements of the past few years.

Mr. Baruch stands forth as a major force in preserving our free democratic institutions. His vision is broad and his idealism pure, and he couples his idealism and his vision with an effectiveness that is matched by few.







# Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

Issued June 2, 1955

For actions of June 1, 1955

84th-1st, No.91

OFFICE OF BUDGET AND FINANCE  
(For Department Staff Only)

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HIGHLIGHTS: Senate debated mutual security bill. Senate committee reported housing bill. Sen. Young criticized Secretary's Kansas speech. House passed general Government matters appropriation bill. Rep. Mollohan criticized reorganization of SCS. Rep. Laird inserted Rep. Hope's speech at USDA annual awards ceremony.

## SENATE

1. FOREIGN AID. Continued debate on S. 2090, the mutual security bill (pp. 6279-95, 6297-6301). Sens. Magnuson, Potter, Long, and Knowland submitted amendments they intend to propose to this bill (p. 6234).
2. HOUSING. The Banking and Currency Committee reported without amendment an original bill, S. 2126, to extend and clarify laws relating to the provisions and improvement of housing, (S. Rept. 404) (p. 6232).
3. SMALL BUSINESS. The Banking and Currency Committee reported without amendment an original bill, S. 2127, extending the Small Business Administration for 2 years (S. Rept. 405) (p. 6232).
4. POSTAL PAY. Passed, 78 to 0, with amendments S. 2061, the postal pay bill (pp. 6246-67). An amendment by Sen. Butler, to extend the salary increase to other Federal civilian employees, was ruled out of order on a point raised by Sen. Knowland (pp. 6262-4). Sen. Carlson said a classified pay bill will be considered "immediately" (p. 6265).
5. PROPERTY; ADMINISTRATIVE SERVICES. Received from GSA proposed legislation "to amend the Federal Property and Administrative Services Act of 1949, as amended"; to Government Operations Committee (p. 6229).
6. PRICE SUPPORTS. Sen. Young criticized certain portions of the Secretary's recent Hutchinson, Kans., speech, outlined the history of the enactment of the flexible price-support law, and commended Rep. Hope for his contributions to the agricultural interests of the Nation (pp. 6296-7).



Sen. Humphrey inserted a Stockholm Farmers Union resolution urging the Senate to restore 90 percent-of-parity supports on basic commodities and dairy products (n. 6231).

7. COPPER. The Finance Committee reported without amendment H. R. 5695, to continue until June 30, 1958, the suspension of certain import taxes on copper (S. Rept. 403) (p. 6232).
8. ELECTRIFICATION; RECLAMATION. Sens. Neuberger, Morse, and Humphrey spoke in behalf of the proposed Hells Canyon Dam (pp. 6270-9).
9. WATER POLLUTION. The Public Works subcommittee ordered reported with amendments S. 890, to extend and strengthen the Water Pollution Control Act (p. D491).
10. APPROPRIATIONS. The Appropriations subcommittee ordered reported to the full committee H. R. 5042, the Departments of Labor and HEW appropriations bill, 1956 (n. D490).

#### HOUSE

11. DAIRY MONTH. Rep. Laird commended the efforts of this Department, State Departments of Agriculture, the land-grant colleges, and others in cooperating for the proper observance of National Dairy Month (p. 6304).
12. SOIL CONSERVATION. Rep. Kollohan commended SCS for a "magnificent contribution to the future well-being of a strong America", criticized the reorganization of the Service, and inserted a newspaper article on this subject (p. 6332).
13. ELECTRIFICATION; RECLAMATION. The Committee on Interior and Insular Affairs reported with amendment H. R. 3587, granting the consent of Congress to the negotiation of a compact relating to the waters of the Klamath River by the States of Oregon and Calif. (H. Rept. 703) (p. 6335).  
Rep. Hosmer spoke against the upper Colorado River project, stating that the cost to taxpayers would be excessive and that California's concern was purely a desire to protect residents from loss of valuable water (pp. 6304, 6331-2).  
Rep. McDonough stated that Calif. entered into a compact with the upper States in good faith and is now seeking to protect their industrial, domestic, and agricultural assets (p. 6305).
14. ROADS. The Rules Committee reported a resolution for consideration of H. R. 5923, to authorize certain sums to be appropriated immediately for the completion of the Inter-American Highway (p. 6315).
15. APPROPRIATIONS. Passed without amendment H. R. 6499, the general Government matters appropriation bill, 1956 (pp. 6306-14).
16. HOUSING. Agreed to, without amendment, H. Res. 203, to authorize the Committee on Banking and Currency to conduct studies and investigations of the housing program (pp. 6315-8).
17. WATER RESOURCES. Passed as reported H. R. 3990, which would authorize the Secretary of Interior to study and investigate the water resource potential of Alaska. The committee amendment adopted would limit expenditures to \$250,000 in any one fiscal year (pp. 6318-30).



mediately before clause (12), and by striking out the period at the end of the subsection and inserting in lieu thereof a semicolon and the following: "and (13) provide that if an individual who has received aid to the blind becomes ineligible for such aid because of an increase in the amount of his earned income, and such individual again becomes eligible for aid to the blind (by reason of a decrease in or termination of such income) within a period of 6 calendar months after the last previous month for which he received such aid, he shall be furnished such aid without further application, effective (subject to verification of such decrease or termination by the State agency) as of the date on which he files written notification of such decrease or termination with such agency."

(b) During the period beginning July 1, 1955, and ending June 30, 1957, any State agency established or designated as required by clause (3) of section 1002 (a) of the Social Security Act may furnish aid to the blind to an individual who had been eligible for aid to the blind but became ineligible for such aid because of an increase in his earned income, if such individual shall have again become eligible for such aid (by reason of a decrease in or termination of such income) within a period of 6 calendar months after the last previous month for which he received such aid, without further application and effective (subject to verification of such decrease or termination by the State agency) as of the date on which he files written notification of such decrease or termination with such agency.

The letter presented by Mr. WILEY is as follows:

[Hon. Dwight D. Eisenhower, honorary president; M. C. Migel, chairman, board of trustees; William Ziegler, Jr., president; George F. Meyer,<sup>1</sup> vice president; Eustace Sellgman, secretary; Jansen Noyes, Jr., treasurer; M. Robert Barnett,<sup>1</sup> executive director; Helen A. Keller,<sup>1</sup> L.H.D., LL.D., counselor, bureau of national and international relations]

AMERICAN FOUNDATION FOR THE  
BLIND, INC.,

New York, N. Y., May 27, 1955.

HON. ALEXANDER WILEY,  
United States Senate,  
Washington, D. C.

DEAR SENATOR WILEY: May I take this opportunity to thank you and your staff for the many courtesies shown me during my visits to your office.

You will recall that on my last visit to your office, I discussed provisions of H. R. 5658, introduced into the House of Representatives on April 19 by Representative JENKINS of Ohio. I will consider it a personal favor, as well as a great service to the blind of the Nation, if you can find it possible to introduce a companion measure in the Senate.

As you will note, H. R. 5658 amends Title X of the Social Security Act to provide that 50 percent of all earned income above \$50 earned in one month by a recipient of aid to the blind shall be disregarded in determining his eligibility to receive assistance. Several years ago, the law was amended to permit the disregarding of the first \$50 per month of earned income each month. Workers for the blind have found that this works fine up to a point; the need however goes further, to create an incentive to cause the individual to develop his maximum earning power. This bill would reduce the aid to the blind grant received by the individual 50 cents for each dollar he earns in excess of the already exempt \$50 per month. It would eventually aid the individual to develop his earning power without losing his security to the point that he would be earning sufficient funds to be taken off the

aid to the blind grant, thereby becoming a taxpayer rather than a tax recipient.

The bill further would protect the individual's security by providing that the recipient will be automatically reinstated on the aid to the blind rolls if his earning ability decreases during the first 6 months after he works himself off the aid to the blind rolls.

Workers for the blind are convinced that the number of recipients of aid to the blind would be materially reduced after passage of this measure. By reducing the number of recipients, certainly the cost of aid to the blind would also be reduced, making the measure both beneficial to the blind and a material saving to the taxpayer.

This measure has been studied by workers for the blind and is endorsed by the American Foundation for the Blind, a National private agency; and the American Association of Workers for the Blind, a national association composed of both blind and sighted workers with the blind.

We will greatly appreciate your sponsorship of this measure in the United States Senate.

Sincerely yours,

HULEN C. WALKER,  
Legislative Analyst.

#### EXPANSION OF SCHOOL MILK PROGRAM

Mr. HUMPHREY. Mr. President, I introduce, for appropriate reference, a bill to enlarge and extend the special school milk program.

Few programs have proven more successful than our effort in the past year to increase milk consumption through our schools. Because of its success, several proposals have been advanced for increasing the amount of money authorized for this purpose. However, I feel we must do more than just increase the amount of money allocated to this program, by opening up the eligibility to other groups that are eager to cooperate in improving the diet of preschool students, as well as school-age youngsters. After all, if we are concerned enough about children's health to see to it that they get milk during the school term, we should be just as interested in seeing that they get an opportunity to have milk during the summer months at settlement houses and summer camps.

For that reason my bill proposes doubling the amount of authorization, and extending the coverage to nonprofit nursery schools, child care centers, settlement houses, summer camps, and similar nonprofit institutions devoted to the care and training of children, as well as to all nonprofit schools.

Last years, one of our Minneapolis settlement houses wanted to participate in this program and found it was ineligible under existing law. After my negotiations with the Department of Agriculture at that time, I was determined to make them eligible. The only question the Department of Agriculture has raised about the expanded coverage I propose, is whether or not State Departments of Education administering the school lunch program would be willing to handle the milk program among other child centers. I am convinced, however, the fact that most of our States handle distribution of other surplus commodities to these nonprofit institu-

tions is evidence enough that they could and would handle the milk program as well.

In fact, I have direct word to that effect from Minnesota. Andrew R. Taylor, director of the school lunch section of our State Department of Education, has stated that during the past 2 years he has distributed other surplus foods to 126 nonprofit camps and child care centers in Minnesota, and that if fluid milk is made available for this purpose, as it is under the school lunch program, his office could be making milk available to these groups within 3 to 5 days after receiving such authorization.

The VICE PRESIDENT. The bill will be received and appropriately referred.

The bill (S. 2121) to enlarge and extend the special school milk program, introduced by Mr. HUMPHREY, was received, read twice by its title, and referred to the Committee on Labor and Public Welfare.

#### HOLDING CERTAIN LANDS IN TRUST FOR MINNESOTA CHIPPEWA TRIBE

Mr. HUMPHREY. Mr. President, I introduce, for appropriate reference, a bill to declare that the United States holds certain lands in trust for the Minnesota Chippewa Tribe. I ask unanimous consent to have a resolution adopted by the tribal executive committee of the Minnesota Chippewa Tribe on March 19, 1955, which provides the basis for this bill, printed in the RECORD at this point.

The VICE PRESIDENT. The bill will be received and appropriately referred; and, without objection, the resolution will be printed in the RECORD.

The bill (S. 2122) to declare that the United States holds certain lands in trust for the Minnesota Chippewa Tribe, introduced by Mr. HUMPHREY, was received, read twice by its title, and referred to the Committee on Interior and Insular Affairs.

The resolution presented by Mr. HUMPHREY is as follows:

#### "Resolution 12

"Whereas a bill H. R. 1551 was introduced in the House of Representatives of the 83d Congress of the United States, to declare title to approximately 28,554 acres of land purchased by the United States for the benefit of the Minnesota Chippewa Tribe; and

"Whereas although this land was acquired for the benefit of the tribe and has been so administered, the title to the land has never been legally declared by the Federal Government to be held in trust for the Indians: Now, therefore, be it

"Resolved, That the Minnesota Chippewa Tribal Council requests that our Representatives and Senators now assembled in this 84th Congress of the United States, again introduce this bill H. R. 1551 of 1953 which provides that the United States hold certain lands in trust for the Minnesota Chippewa Tribe; and that any rents previously collected for the use of said land be declared held in trust by the United States of America for the use and benefit of said tribe; and be it further

"Resolved, That a copy of this resolution be mailed to each of our Senators and Representatives of the present 84th session of Congress, and that they do all they can toward

<sup>1</sup> Blind.



the enactment of this legislation, if and when a new bill is introduced in Congress."

The Minnesota Chippewa Tribal Council requests the reintroduction and possible enactment of this legislation so that the Indians may get the maximum benefit from the land. The tribe intends to develop the lands through reforestation, but hesitates to expend tribal funds on such a project until the title is specifically vested in the Indians. The Indians have, in past years, spent thousands of dollars of their tribal funds on forest-planting projects alone to bring into producing status lands similar to those covered by this bill.

ED. M. WILSON,

*President, Tribal Executive Committee  
the Minnesota Chippewa Tribe.*

I hereby certify that the foregoing resolution was duly presented, approved, and enacted at a regular meeting of the tribal executive committee of the Minnesota Chippewa Tribe, held at Bemidji, Minn., on March 19, 1955, and a vote was cast as follows: For, 11; against, 0.

WM. J. HEISLER,

*Secretary, Tribal Executive Committee,  
the Minnesota Chippewa Tribe.*

#### MUTUAL SECURITY ACT OF 1955— AMENDMENTS

Mr. MAGNUSON. Mr. President, I submit amendments to (S. 2090) the mutual security bill which is now before the Senate in the hope of providing for our American marine insurance companies the right to compete on equal basis with foreign insurance companies for the business of insuring foreign-aid shipments.

Under the law as it is now interpreted by the officials of our mutual aid organization, dollars are not allocated for payment of marine insurance on foreign-aid shipments unless they are requested by the recipient country. American insurance agencies have tried unsuccessfully to get a fair share of this business, but, because of discrimination against them by the recipient countries in favor of their own companies, they have failed in their efforts.

This has deprived the American marine insurance market of the opportunity to compete for some of this business and the mutual security organization has refused their request to change the regulations so that dollars will be available to pay the insurance premiums to Americans.

There seems to be no other recourse left except to include in the mutual security bill a provision that dollars shall be made available for marine insurance on commodities shipped where the insurance is placed on a competitive basis in accordance with normal practices prevailing before World War II.

I am, therefore, submitting the amendments which also provide that where a participating country by statute, decree, rule, or regulation discriminates against any marine insurance company licensed to do business in the United States the commodities purchased with funds advanced under the program shall be insured in the United States against marine risks with a company authorized to do business in the United States.

Mr. President, it seems only fair that our marine insurance companies be given the same right to bid on the insurance

on foreign-aid shipments as companies from other countries of the world enjoy.

The VICE PRESIDENT. The amendments will be received, printed, and lie on the table.

Mr. POTTER submitted amendments, intended to be proposed by him to the bill (S. 2090) to amend the Mutual Security Act of 1954, and for other purposes, which were ordered to lie on the table and to be printed.

Mr. LONG submitted amendments, intended to be proposed by him to Senate bill 2090, supra, which were ordered to lie on the table and to be printed.

Mr. KNOWLAND submitted an amendment, intended to be proposed by him, to Senate bill 2090, supra, which was ordered to lie on the table and to be printed.

#### HOUSING ACT OF 1955— AMENDMENTS

Mr. CAPEHART submitted amendments, intended to be proposed by him, to the bill (S. 2126) to extend and clarify laws relating to the provision and improvement of housing, the elimination and prevention of slums, the conservation and development of urban communities, the financing of vitally needed public works, and for other purposes, which were ordered to lie on the table and to be printed.

#### ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE APPENDIX

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the Appendix, as follows:

By Mr. MARTIN of Pennsylvania:

Commencement address delivered by him at the Eastern Baptist College, at St. Davids, Pa., on May 28, 1955.

By Mr. WILEY:

Address on the program of Congress for 1955 delivered by him over station WGN, Chicago, on May 28, 1955.

By Mr. HUMPHREY:

Address entitled "The Need for Wilderness Areas," delivered by Howard Zahniser, executive secretary of the Wilderness Society and editor of the Living Wilderness, before the National Citizen's Planning Conference on Parks and Open Spaces for the American People, in Washington, D. C., on May 24, 1955.

By Mr. JOHNSON of Texas:

News story concerning uranium rush in Four Corners area of Arizona, written by Merle Hudson, and published recently in the Houston (Tex.) Chronicle.

#### NOTICE OF HEARING ON NOMINATION OF WILLIAM B. HERLANDS TO BE UNITED STATES DISTRICT JUDGE, SOUTHERN DISTRICT OF NEW YORK

Mr. KEFAUVER. Mr. President, on behalf of the Committee on the Judiciary, I desire to give notice that a public hearing has been scheduled for Friday, June 10, 1955, at 10 a. m., in room 424 Senate Office Building, upon the nomination of William B. Herlands, of New York, to be United States district

judge, southern district of New York, Vice Edward A. Conger, retired. At the indicated time and place all persons interested in the nomination may make such representations as may be pertinent. The subcommittee consists of myself, chairman, the Senator from Wyoming [Mr. O'MAHONEY], and the Senator from Illinois [Mr. DIRKSEN].

#### REPLY OF GENERAL ROMULO TO PRIME MINISTER NEHRU AT BANDUNG

Mr. WILEY. Mr. President, in the long-range view of history what happened in the Asian-African Conference in Bandung a month ago we cannot now assess. But we know what it meant to the free world when we read the newspaper dispatches, because all of us were uplifted by the developments in the conference, and we realized that the leaders of the free Asians and Africans were on the offensive, and that communism was openly and courageously assailed by them.

But it is not merely the fact that communism was placed on the defensive in that conference that was hailed by the free world. It was the spirit of the democratic alinement in that region that aroused enthusiasm among all freedom loving peoples. They spoke with courage and vigor; they did not mince words; they called a spade a spade, and they used the strongest terms in condemning what they believe to be the greatest danger to the peace of the world today. For the first time in that area communism was driven to the wall.

As I read the newspaper dispatches sent from Bandung, however, one incident attracted my attention, because I believe it was really the highlight of that conference. That was the debate in the political committee between the Prime Minister of India, Mr. Nehru, and the chief delegate of the Philippines, General Carlos P. Romulo. Mr. Nehru advocated coexistence and his five principles, and attacked regional pacts. He specifically mentioned the SEATO Treaty, and said that it was humiliating for any Nation to join a regional pact. It is said that it was an impressive speech. The delegates listened to him intently.

Immediately after Nehru's blistering attack on the SEATO, General Romulo asked for the floor. The newspaper reports said that the Philippine delegate was at his best. Speaking extemporaneously he answered Mr. Nehru point for point. His rebuttal was so devastating and so effective, according to press dispatches of that day, that the Prime Minister of India had to apologize after General Romulo had concluded his rejoinder, saying, "I apologize to the distinguished delegate of the Philippines for my remarks, which were not intended to be harsh."

Mr. President, because I believe the Romulo rebuttal is a faithful expression of the free world's views on the questions brought up by Mr. Nehru, because I believe the Philippine delegate in speaking as he did was really the spokesman of democracy and freedom, and because I



LOCAL UNION No. 3091,

UNITED BROTHERHOOD OF CARPENTERS

AND JOINERS OF AMERICA,

Vaughn, Oreg., May 23, 1955.

Senator WAYNE L. MORSE,

Senate Office Building:

DEAR SIR: It was moved at our last meeting that I be authorized to write you asking you to support the Gore bill, S. 1048, and bill 1333, in support of a high dam in Hells Canyon.

Respectfully yours,

L. D. MONTGOMERY,

Recording Secretary.

P. S.—If you can, would you please put me on your mailing list?

Thank you.

L. D. M.

LOCAL No. 2597,

LUMBER AND SAWMILL WORKERS,

Portland, Oreg., May 20, 1955.

Senator WAYNE L. MORSE,

United States Senator from Oregon.

DEAR SIR: Local 2597, Lumber and Sawmill Workers Union of Portland, Oreg., has instructed me to write you and tell you that we are fully in accord with the construction of a multipurpose high dam federally financed at the Hells Canyon site.

Sincerely yours,

JOSEPH OLIVER,

Recording Secretary.

#### SAFEGUARD OUR RESOURCES

"Whereas redtape, delay, and filibuster tactics by FPC, Department of the Interior, and others, and in our minds with the assistance and influence of the Power Trust lobbies' free and excessive spending of money, has resulted in a serious situation which affects the Northwest and the Nation as a whole; and

"Whereas that we join with the vast majority of the people that believe we are beyond the point of being satisfied with wishful thinking and are firmly convinced that it is high time for action that will authorize and instigate construction of the high Hells Canyon Dam; and

"Whereas that we are disgusted with the delay and seeming inclination of the FPC to favor 1 or more of 3 dams to be constructed by the eastern-controlled so-called Idaho Power Co.; and

"Whereas that we believe it is high time to demand protection of our future demands in order to develop industry, produce phosphate products, provide for development facilities that will be in the interest of our national security and our national economy; be it further

"Resolved, That we certainly see this high Hells Canyon Dam construction as a vital necessity in protecting and increasing the downstream power potentials; and be it further

"Resolved, That there is no justification in providing private profit at the expense of proper and full development of natural resources which rightfully belong to the people."

Directed by Pierce County Pomona Grange, No. 16, in regular session, May 14, 1955.

FRANK SMALANLER,

Master.

LUCILLE OCKFEN,

Secretary.

P. O. Box 243,

Lebanon, Oreg.

#### RESOLUTION

Whereas the State Grange of Oregon and the Linn County Pomona Grange have repeatedly announced their support of a federally constructed dam at Hells Canyon, and their opposition to the partnership plan; and

Whereas our Senators, WAYNE MORSE and RICHARD NEUBERGER, and our Congresswoman,

EDITH GREEN, have worked hard to carry out the known wishes of the Grange in these matters, often in the face of hostile comment: Therefore be it

Resolved by Linn County Pomona Grange, No. 12, That we do appreciate and uphold our Senators and Congresswoman for their efforts in behalf of a federally erected Hells Canyon Dam, and that the Secretary of Linn County Pomona Grange be instructed to transmit this resolution to each of our Senators and Congresswoman GREEN.

Resolution adopted May 19, 1955.

LINN COUNTY POMONA GRANGE,

G. R. TRUAX, Master,

WENONAH WILEY, Secretary.

DESCHUTES COUNTY

POMONA GRANGE, No. 25,

ROUTE 2,

Redmond, Oreg.

Whereas a bill authorizing the construction of a high Hells Canyon Dam has been introduced in Congress; and

Whereas we believe that in order to have an integrated power system of maximum value that this dam be constructed as called for in this bill, for the following reasons:

First. That it will tie in with the Northwest power pool to insure needed power for this area, and for national defense; and

Second. That it will serve as a large storage basin, thereby helping to regulate an even flow of water right on down through the Columbia chain of power dams and proposed dams, serving to increase the output of each dam and make a steady and greater power supply that cannot be had by any other means; and

Third. That it will help to supply cheap power for agriculture and industry and encourage industry, and make jobs for thousands and thousands of people, these added industries, this added payroll, added homes, and other benefits all building a foundation on a substantial basis for securing added tax money for the operation of Federal, State, and county governments; and

Fourth. That it will be developing a natural resource by the people and for the people who own it, and will pay a return to all the people, eventually paying back the full cost of construction, and thereafter be a financial source of income for governmental operation; and

Fifth. That we know from past experience the value of a liberal supply of power at a low cost, and realize the last war could have had a different ending for America, had it not been for the speedy output of boats and war materials, all of which was directly dependent on our supply of low-cost power in the Northwest; and

Whereas we realize that our Congress will be under pressure, and at the point of focus of the highest paid, most powerful lobby in America, and feeling that our congressional delegation are in need of home support for this measure; so, therefore be it

Resolved, That Sixes Grange go on record as heartily supporting this Hells Canyon bill, and that we forward copies of this resolution to Senators WAYNE MORSE and RICHARD NEUBERGER and to Congressman HARRIS ELLSWORTH, requesting their undivided support of this bill, and also that a copy of this resolution be sent to every Pomona Grange in the State of Oregon, requesting their support.

ALBERT BRITTON,

Master, Sixes Grange.

FRANK NORRIS, Jr.,

Secretary, Sixes Grange.

Adopted by Deschutes County Pomona Grange, No. 25, while in regular session May 14, 1955.

HOMER H. BROWN, Master.

HELEN H. BROWN, Secretary.

#### ORDER FOR RECESS UNTIL 10

O'CLOCK A. M. TOMORROW

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that when the Senate concludes its business today it take a recess until 10 o'clock tomorrow morning.

The PRESIDING OFFICER (Mr. SCOTT in the chair). Without objection, it is so ordered.

#### MUTUAL SECURITY ACT OF 1955

The Senate resumed the consideration of the bill (S. 2090) to amend the Mutual Security Act of 1954, and for other purposes.

Mr. HUMPHREY. Mr. President, the unfinished business before the Senate is the foreign-aid program, better known as the Mutual Security Act of 1955. I wish to invite the attention of my colleagues to the very fine report which was prepared by the Senate Committee on Foreign Relations, with the assistance of its competent and expert staff. The report discusses the pending legislation, namely, the authorization, Senate bill 2090, for the foreign-aid program for the coming fiscal year. It gives documentary evidence of the urgent need for the continuation of this particular endeavor on the part of our Government.

I also urge that careful attention be paid to the breakdowns of the various amounts authorized, and to the many graphs and charts in the report.

I suppose the American people often ask themselves the question, "When will the program of foreign aid by the Government of the United States come to a halt?" Our people have paid heavy taxes, and our Government has expended literally billions of dollars in a program known as mutual security.

The answer to the question as to when we shall be able to halt our efforts in the field of foreign aid is pretty much predicated upon the condition of the world in which we live. We in the United States have an unusual responsibility in the present situation of world affairs. We are literally the leaders of the free nations and free peoples of the world. We have not sought this leadership; we did not conspire to have the mantle of leadership fall upon us; but, whether by divine destiny or by accident, the fact is that we are world leaders, and we have a grave responsibility for peace, security, and freedom in the world.

But, Mr. President, I have always felt that we should look upon our mutual security program, in all its aspects, not as a means of charity, not merely as a means of assistance to other people. It is essentially self-defense. We Americans need to understand that the Communist conspiracy is worldwide in scope, and is held together and directed by a worldwide apparatus. It is entirely impossible to meet the threat of international Communist aggression and subversion by considering only those things which are immediate or within the confines of our own geographical and legal jurisdiction. We cannot meet a worldwide conspiracy by parochial and provincial programs and attitudes. If de-



mocracy is to survive in this world, it must also have a worldwide program. If democracy is to progress, if the areas of freedom are to be extended, we in the areas of democratic living, in the areas of free nations, must have a coordinated, comprehensive program which touches every area of the world.

We have been designing that kind of program for the past several years. Since the end of World War II our Government has taken on increasing responsibilities in the field of international co-operation and international relationships. We have had to rebuild our own military defenses. We had to assume the terrible responsibility of halting Communist aggression in Korea. We had to step into the breach, so to speak, in the Mediterranean, at the time of the Greek-Turkish aid program. We had to meet the threat of Communist and Soviet imperialism in West Berlin when Berlin was cut off from the free world. We have had to organize collective security pacts, regional organizations for common defense. We have done this in the North Atlantic Treaty Organization, the Rio Pact, and the Southeast Asia Collective Defense Treaty. We have created a fabulous network of alliances which lead toward collective security.

Mr. President, I believe the best test and the best means of measurement of the success of what we have been doing is to look at what is now happening in the world. The Soviet Union today is indicating, at least outwardly, that it is deeply concerned about Western World strength. The Soviet leaders are at least outwardly expressing a desire to talk and to negotiate. In my humble judgment, none of these happenings would have taken place had we not created conditions of strength and areas of strength. There is no way of meeting communism except by being fortified with economic, diplomatic, military, political, and moral strength.

I should like to quote from the committee report at page 6:

The positive results of these past programs are impressive. Western Europe has been rehabilitated economically. It has been strengthened militarily. Communist aggression has been checked in the Far East, and the basis for the further generation of military strength in that area has been laid. There is every reason to expect that the Asian economic phase of the program will be as successful and as beneficial to the United States as the preceding phases. The American people can well be proud of the determination with which they have followed their enlightened self-interest since World War II. The results now provide convincing refutation of criticisms that the program was a giveaway, a pouring of American wealth down foreign ratholes.

These results, in fact, are the strongest argument for vigorous continuation of the program. It is certainly unwise to abandon a policy that is paying dividends.

This program has paid dividends, Mr. President. I speak specifically of the mutual security program. It has paid dividends to the American people by stimulating our own industry, our own production, and our own distribution. It has paid dividends to the American people by challenging our own imagination, our own inventiveness, our own

ingenuity. It has paid dividends to the American people by bringing us into closer contact with the other areas of the world and by bringing people closer together in mutual understanding and mutual respect.

It has paid dividends in many other ways. It has paid the great dividend of serving notice upon the totalitarian nations that the American people will not stand idly by and see areas of freedom crushed and absorbed.

Therefore I stand here today, as a member of the Committee on Foreign Relations, to support vigorously S. 2090, the Mutual Security Act of 1955. I realize that there may be those who will find some weaknesses here and there in the bill. There will be honest differences of opinion. There will be differences with respect to funds which are authorized for different areas of the world, and with respect to functions under the program. However, I will not be in any way diverted by such details from my own overall support of the mutual security program.

The truth is that after several years of operation under this program we have each year more carefully pieced together a workable program. We are doing everything in our power to protect the integrity of the program in terms of the personnel that operate the program, as well as in the use of the funds made available.

A moment ago I mentioned the fact that we had been confronted with many challenges. As an American I am proud that we had the fortitude and courage to meet those challenges. While there were many doubting Thomases and while there were many who thought more of their own pocketbooks, their current checking accounts, and their current bank balances, I am glad there were more Americans who were willing to place principle above the dollar sign, and that the majority of Americans were willing to place security and safety and the protection of their country and its relationship to the rest of the world above their current or temporary leisure.

We met the threat in the Mediterranean, and as a result Greece and Turkey today stand as powerful allies and free nations. We met the threat of Communist aggression in the encirclement of Berlin, and today Western Germany stands as an ally of the United States. Those who were vanquished and defeated we treated in a spirit of kindness and compassion and friendship, and today our two former enemies, Germany and Japan, are, in fact, real allies of the western free world and of the United States.

By doing good deeds and by standing on right principles, we have been able to get positive results. Let us consider Italy, for example. For years she was under Fascist control, and was literally led to destruction by a Fascist dictatorship. We helped Italy, and so did other countries, particularly through some of the agencies of the United Nations. We helped Italy regain her own self-reliance, her own self-confidence, her own self-respect. Only recently we were privileged to have visit in America the Prime

Minister of Italy, who was graciously and enthusiastically received by the American people.

Therefore, if we look at this program in the main and in its totality, we realize that it has led to constructive results in the interest of world peace and world security.

What I have said should not lead anyone to believe that the task is completed. I do not believe there are any immediate answers to complex problems. I do not believe there is any panacea or any cure-all for the great economic, political, and moral ills which confront the world today. As one United States Senator, I do not believe there will be any quick or easy or cheap answer to Soviet aggression. There is no simple answer to aggression in all of its economic, political, and ideological ramifications, or to the subversion that comes with communism.

Therefore, it is all the more necessary for us to support a continuation of the mutual security program. I think we Americans must gear ourselves and our economy for the long pull. We must be prepared constantly to reevaluate what we do, but to have an objective in mind, namely, to roll back the tide of world communism by the use of our economic power and our political power and our great heritage of political independence and liberty.

Many people believe that the holding of conferences may ease the tension. That is possible, but the holding of conferences will not immediately lead to the solution of the difficulties. That is all the more reason we need to continue what we have been doing. We could not make a greater mistake or a more tragic error in international policy than to weaken our military defenses at this hour or to weaken our mutual security program at this hour, or in any way to limit or restrict or weaken our foreign policy. If there ever was a time when our Nation must have its full strength, ready and mobilized and at work, it is in the summer, fall, and winter months of the coming year. It will be a period when great decisions will have to be made; and in such a period our leadership must be prepared and equipped with the full support of the American people, with proper legislative enactments, with an understanding and responsive public attitude, and with a willingness on the part of the American people to make any sacrifices which may be necessary. Thus our leaders can be sure of making the right decisions at the right time.

I have been reading some comment in the press and I have received many letters which have indicated to me that, in light of the fact that the Soviet Union and its leadership seem to be a little more peaceful, at least, in their statements, and that the Soviet Union seems to be having some internal troubles, perhaps now we could relax; and possibly we could cut the costs of Government.

Mr. President, if we were to fall into that trap we would be guilty of gross dereliction of public duty and public responsibility. Frankly, the authorizations under the Mutual Security Act are not what we might call Government expenditures or Government costs. They are



costs or expenditures for the common defense of this land of freedom and the other areas of freedom throughout the world. I think we should look upon the program we are now considering as an investment in our future, as an investment in the ultimate emancipation of mankind, as an investment in the creation of more wealth, and of better standards of living throughout the world, because, as I proceed to discuss the program in some detail, I think it will be revealed that the major portion of it is dedicated to economic rehabilitation and to better social standards throughout the world, to helping those who cannot help themselves, to improving markets throughout the world. I believe the dollars we put into the program represent the best investment we can make in expanded commerce.

How often do we hear it said that we should have more trade with other people? Mr. President, we cannot trade with impoverished people. The beginning of trade is to build up the economic climate in the poor nations so that they will have the means to consummate trade. We have our great industrial system and our great agricultural industry which can produce goods not only in fantastic quantities, but of high quality. We are looking for markets throughout the world. Where will new markets be found for American agricultural products and for American industrial commodities? They will be found in Asia, in Africa, in the Near East, where millions and millions of people live. It seems to me to be quite elemental and, basically, quite fundamental, too, that for new markets for American commerce we should look to the areas where there is such great need and where there is tremendous capacity for absorption of goods and services.

Mr. President, we have recently passed a reciprocal-trade bill. The bill is still in conference, but it will be back for us to take final action upon it, and the President will sign the bill. The reciprocal-trade program is no better than the amount of trade consummated under its terms.

I look upon the Mutual Security Act of 1955 as a further investment in the expansion of world trade. If it has the will and the ingenuity, which I am sure it possesses, the United States of America will be able to get its fair share of this new found commerce and this new found economic activity.

Let me, therefore, Mr. President, direct my attention, first, to the European aspects of the pending bill. As they review the record I would call to my colleagues' attention the fact that the report on the bill gives descriptive information and detailed analyses.

Let us take, for example, the European sector. I am happy to be able to state as one member of the Senate Committee on Foreign Relations that this bill does not include a great deal of money for Europe. This is, I would say, one of the finest tributes to the effectiveness of what has been taking place. Western Europe is already producing above prewar levels. It is enjoying a boom. Western Germany, which was laid waste as the result of World War II,

is again on the economic march. The French, the British, the Belgians, the Dutch, the Danes, and the Norwegians, citizens of countries which have been allied or joined with us are today making unbelievable economic progress and experiencing great economic growth.

So, Mr. President, our program for Europe in fiscal 1956 is authorized in the sum of \$95 million. That is a far cry from the days when we talked of European economic aid in figures of three or four billion dollars.

I have had the privilege of serving only one full term in the Senate, but I can recall that in the second year of my first term we were then discussing an economic-aid program for Europe for 1 year which ran well over \$4 billion. Today Western Europe is getting back on its feet, standing its own ground; and the very fact that European nations speak up and make their own decisions and even disagree at times with their friend, the United States of America, is a sign of good health.

I have always looked upon the political independence and willingness of European nations to say what they feel, and of their leaders to express their own point of view in recent months and recent years, as the best sign of our times. It clearly demonstrates that they now feel strong again after the terrible tragedy of World War II.

What does the \$95 million for Europe encompass? First of all, there is \$4 million for what we call direct-forces support. That is aid directly for the maintenance of troops.

There is \$70 million for defense support. This money is to be used to back up the military supplies and the military strength created in Western Europe.

Then there are what we call joint-control areas, representing an outlay or an authorization by our Government of \$21 million.

Let me break down the direct-forces support, Mr. President. Four million dollars is authorized for direct-forces support. This goes to Yugoslavia for common-use items such as aviation fuel, for consumption by the military forces.

I think it is to the credit of the United States, at least from what I read in the newspapers, that Marshal Tito, of Yugoslavia, is not acting as a satellite of the Soviets. We shall, of course, look over very carefully any reports which come from the conference between the Soviet leaders and the Yugoslavian leaders. But under this proposal we are contemplating for the fiscal year 1956 an expenditure of \$4 million in direct-forces support in Yugoslavia where there are more than 30 divisions of trained troops essential for Western European collective security.

I remind my colleagues, Mr. President, that Yugoslavia has joined with Greece and Turkey in a further alliance to strengthen Western Europe and the Mediterranean area against Communist or Soviet aggression.

For defense support in Europe there is authorized \$70 million. Of this amount, \$28 million goes to Spain and \$36,500,000 to Yugoslavia. For a technical-exchange

program in Western Europe, \$5,500,000 is authorized.

Let me describe for a moment what we mean by defense support, using Spain, for example, with the \$28 million allocated to her.

As the committee report outlines, in Spain the principal emphasis will be upon the improvement of transportation facilities, particularly railroads; upon the development of thermal power sources, to supplement hydroelectric facilities which are affected by drought; and upon an agricultural program likewise aimed at reducing the effects of drought areas. The principal components of the Spanish program are as follows:

	Millions
Improvements in railroad lines supplying joint military bases-----	\$6.9
Transmission lines and substation and switchgear for the power industry-----	6.0
Irrigation and reclamation equipment to make possible resettlement of underemployed agricultural workers--	5.0
Imports of United States cotton-----	5.0

Of the local currency counterpart of \$26 million, 60 percent will be used for local currency costs of the United States base construction program. As is well known, the United States is establishing some large military bases in Spain as a part of our western defense system.

Ten percent of the local currency counterpart will be used for general United States purposes, and 30 percent of the funds will be used for agreed projects in transportation and defense production.

I think the money which the United States is placing in the Iberian Peninsula as a part of the common defense of Western Europe is money well expended. I call the attention of the Senate to the fact that a large amount of American surplus agricultural commodities has been utilized in Spain, to the benefit of the Spanish people—and a fine and noble people they are—and to the equal benefit of collective security in the construction of the bases and military equipment in the Spanish defense system.

Referring back to the Yugoslav defense support, I mentioned the figure \$36.5 million. I have gone into this detail because I believe the American people deserve to know what the money is intended for. In the Yugoslav program, \$1 million is planned for technical exchange; \$35.5 million is planned for commodity imports, the most important of which would be bread grains, chiefly wheat. For that item, \$11 million is planned.

For cotton, \$5.5 million is intended; and for machinery and vehicles for eliminating transportation and industrial bottlenecks, \$7 million.

I think it is interesting to note that those commodities will come from America. So not only will we help strengthen the Western European security, but also we will utilize the production of the farms and factories of the United States in a very constructive manner.

Speaking further of defense support in Europe, I mentioned that \$5.5 million



was planned for technical exchange on a regional basis. This money is to be used primarily to promote economic expansion through the development of improved management techniques, the encouragement of competitive business practices, and the promotion of improved collective-bargaining practices.

We have directed the Department of State and the Foreign Operations Administration to do these things: To emphasize free collective bargaining and the development and encouragement of the free trade-union movement; to emphasize the growth of private industry in the countries of Western Europe; and also to emphasize the importance of modern management techniques.

So the \$5.5 million will be used primarily in this particular area of activity.

I point out that the technical exchange program carried on under the Mutual Security Act in Europe and elsewhere, and the exchange of persons programs carried on under the Smith-Mundt and Fulbright Acts are not exactly identical; they are separate programs to themselves. Both the purposes and methods of these programs are different. In view of the fact that the mutual security program is now to be administered by the State Department, which also administers the Smith-Mundt and Fulbright programs, it becomes more important than ever that this distinction be kept firmly in mind.

Finally, I mentioned some \$21 million for assistance in joint-control areas. This item is related primarily to assistance for Berlin, but it also includes a small technical exchange program in Austria.

I shall make no further comment upon the European aspects of the mutual security program, because it is one of the minor points of the bill.

I should like to direct my attention now to the important aspect and the important part of the bill, namely, the Asian program.

Mr. JOHNSON of Texas. Mr. President, will the Senator yield for a unanimous-consent request, with the understanding that what transpires will appear at the conclusion of his remarks?

Mr. HUMPHREY. I am glad to yield upon that understanding, and also because I have now reached a new topic in my speech.

(At this point Mr. HUMPHREY yielded to Mr. JOHNSON of Texas, who moved the consideration of the bill (H. R. 5559) to make permanent the existing privilege of free importation of gifts from members of the Armed Forces of the United States on duty abroad, and the bill was considered and passed.)

(On request of Mr. JOHNSON of Texas, and by unanimous consent, the proceedings relating to H. R. 5559 were ordered to be printed in the RECORD following Mr. HUMPHREY's speech.)

Mr. HUMPHREY. Mr. President, I wish to direct my attention for a moment to the sections of S. 2090 which relate to programs in the Asian area.

The total nonmilitary program for Asia under the Mutual Security Act of 1955 amounts to \$1,451,000,000. Need-

less to say, this is a very substantial sum of money.

Of the \$2,130,000,000 authorized by the bill for programs other than military assistance, \$1,451,000,000, or 68 percent of the entire amount, is for Asia.

This amount consists of:

Direct forces support, \$285,700,000.

Defense support, \$827,800,000.

Development assistance, \$71 million.

Technical cooperation, \$66,500,000.

President's Fund for Asian Economic Development, \$200 million.

Furthermore, Mr. President, I should note that some of the funds appropriated to United Nations agencies will undoubtedly be utilized, in large part, in the Asian area.

One might ask, first of all, what we mean by the Asian territory, or what we mean by Asia, since there are parts of Asia under Communist domination.

As the committee report points out, Asia means the territory from Afghanistan on the west eastward across south Asia to Vietnam and Indonesia and northward to Japan and Korea.

It has a population of approximately 771 million, or about one-third of the total population of the world, and it has an average per capita gross national product of \$105, compared to \$148 in the Near East and Africa, \$300 in Latin America, and \$2,200 in the United States.

I mention these per capita gross national product figures, Mr. President, because earlier in my discussion I pointed out that I felt this program was really a long-term investment in better commerce and better trade. I think it becomes pretty obvious that if the per capita gross national product in the Asian area is only \$105, we are going to have some difficulty stimulating the kind of foreign trade American industry and agriculture need. Therefore, we propose to use the mutual security program to buttress, to strengthen, to enlarge, and to enrich the economies of these areas or countries in the Asian region, and thereby not only strengthen them against Communist subversion and infiltration, but also strengthen them in terms of trade or economic relationships with other nations, particularly the United States of America.

Other facts pertaining to the Asian area will indicate the importance of this program. The Asian area has some of the world's greatest and richest natural resources, particularly such strategic items as tin, rubber, oil, and manganese. This area is the source of 32 percent of United States supplies of chromite, 37 percent of United States supplies of manganese ore, 69 percent of United States supplies of tin, and 22 percent of the supplies of tungsten.

The Asian area has the world's longest common boundary with the Soviet Union and Communist China, and it is currently the primary target of Communist infiltration, subversion, and military pressure.

I wish to emphasize that particular observation because I am firmly convinced that although we may have a period of so-called relaxed tensions between the Soviet Union and the United States and other countries, yet the ob-

jective of the Soviet Union and of world communism remains the same, namely, to take over area after area, nation after nation, and region after region throughout the world. I have cautioned the Senate before, and in doing so again, I hope at least to express a word of advice, namely, that as we negotiate—and that we will—we should recognize that the design of world communism is to move into areas of the world where conditions are inviting. The conditions which are conducive to Communist growth are certainly to be found in the most fertile and most elaborate form in the Asian and African areas. Given the characteristics of those areas, namely, poverty, political inexperience, and military weakness which is underlined because of the nearness of Communist power, the surprising thing is, not that those areas are in difficulty, but, rather, that they are not in a state of chaos. I think we would do well to look at these areas and really feel somewhat gratified that conditions in them are not much worse than they are.

Frankly, Mr. President, many of the new nation-states in Asia have been making considerable progress. In fact, in light of their difficulties and problems, their progress is nothing short of phenomenal.

Nationalism is one of the new dominant forces in the Asian area. If that nationalism is directed into channels of constructive good for the people of the countries concerned, it, too, can be a psychological force in behalf of the freedom, independence, and liberty of the people.

At this point let me direct my attention to a breakdown of the \$1,451,000,000 authorized in the pending bill for the Asian regions of the world.

Mr. President, I have used before the terms "direct forces support." By that is meant direct aid to military forces. The bill authorizes \$285,700,000 for direct forces support in Asia. That will be distributed as follows: To Pakistan, \$20 million; to Formosa, \$37 million; to Korea, \$180 million; to the Philippines, \$2,300,000; to Thailand, \$8,200,000; and to Cambodia, Laos, and Vietnam, \$38,200,000—making a total of \$285,700,000. This assistance will be administered by the Department of Defense, and will be given directly to the military forces of the countries concerned.

I am sure we recognize that some of these countries are associated with us in the Southeast Asia Collective Defense Treaty. Surely we have made a strong commitment to Formosa. Surely we have an obligation and a commitment to Korea; and surely we have a keen and a paternal interest in a nation such as the Philippines. I imagine that in recent days all of us have recognized the importance of military strength in the areas of Indochina which are still in free hands, namely, Cambodia, Laos, and Vietnam. So, Mr. President, I repeat that of the total amount authorized by the bill, \$285,700,000 is for direct forces support in Asia.

The next item is what we call defense support, and for it there would be authorized the sum of \$827,800,000.



Mr. President, I have heard many persons say they believe the bill places far too much emphasis upon military aspects. At first glance and on cursory reading, one would think so. But I call attention to the fact that the \$827,800,000 proposed to be authorized for defense support, is essentially money which will be used to strengthen the fabric of the economy of these countries. The money will not be used for guns and munitions, as such. Instead, the money will be used for the improvement of the industrial base and the agricultural base, and to promote the health of the economy of these countries. Many of these countries are being called upon to raise large contingents of troops which would overtax their financial resources. Therefore, our defense support funds are to be utilized to add extra strength to the countries which are associated in common defense and collective security.

More than three-fourths of the total proposed for defense support for Asia is for Cambodia, Laos, Vietnam, and Korea. I certainly believe that those countries are entitled to our support as they struggle to maintain themselves independent and free. If anyone thinks this item extravagant, I ask him to think in these terms: What would be our position, and how costly would it be for us, if all of Vietnam, Korea, Cambodia, and Laos were to lose their freedom?

We often hesitate to think in terms of alternatives. Too frequently we think only of the direct cost involved. In this instance, the direct cost will be \$827,800,000. That is a substantial sum of money; but, Mr. President, I respectfully suggest that the loss of South Vietnam, the loss of South Korea—for whose freedom and independence more than 30,000 Americans gave their lives—or the loss of the associated states of Cambodia, Laos, and Vietnam, in the Indochina area, would be a great tragedy to the United States of America, both from the point of view of political prestige and from the point of view of the strategic defense of the United States of America, and particularly from the point of view of our economic welfare. So the amount of money requested to be authorized in this instance is not at all extravagant; in fact, it may be an irreducible minimum.

I stated that the money would go into what I consider to be constructive and productive uses in the economies of these countries. For example, imports estimated to be financed through Korean defense support or direct forces support funds include raw cotton, \$40 million; fertilizer, \$61 million; petroleum, \$47,200,000; coal, \$34,800,000; machinery and vehicles, \$52 million; and clothing, \$85,200,000. These are items that country needs.

Of course, Mr. President, what happens in Korea is also happening in Pakistan, the Philippines, Formosa, and Thailand, where great quantities of food-stuffs and fiber and other materials are needed for the care and the welfare of the people.

The item in the bill which constitutes direct economic assistance, but without any title to it which could in any way

deceive or in any way be misinterpreted, is what we refer to as development assistance. The development assistance component of the Asian-aid program amounts to \$71 million, of which \$70 million is for India, and \$1 million is for Nepal.

The development assistance recommended for India, under the provisions of this bill, has been carefully planned in light of the fact that India's 5-year plan, which has been extremely well prepared, is now entering its last year. Mr. President, it is as important that India's 5-year plan be a success as it is that there shall be prosperity in the United States, because India is, in Asia, the counterpart to Communist China. Despite the fact that we have our differences with India, and despite the fact that from time to time the leaders of India seem to cause us great difficulty and irritate many Americans, the fact is that throughout the world India is being judged or is being compared in terms of her economic and political progress as contrasted with that of the great forces to her north, namely, the forces of China.

Is it not encouraging Mr. President, that a nation of more than 350 million people, with an independence of less than 10 years' duration, has been able to maintain its political stability and to conduct nationwide elections, in which almost 100 million people participated? But is it not equally encouraging for us to note that a recent study made by Stanford University proves that India's program of industrialization is well ahead of that of Red China? Despite the fact that Red China was able to take over hundreds of millions of dollars' worth of resources which we had once given to China before the Communists took over and despite the further fact that Red China has used the discipline of the police state to mobilize her forces, India, working on the principles of representative government and private investment plus government investment, has been able to outstrip China in the race for industrial progress.

I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks an editorial entitled "India Ahead," which was published in yesterday's Washington Evening Star.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

#### INDIA AHEAD

An economic study just completed at Stanford University presents impressive evidence that India's program of industrialization is well ahead of Red China's. What the study shows is that democratic techniques in the production of such things as cotton yarn, cloth, cement, and finished steel are yielding more rewarding results than the harsh totalitarian methods of communism—methods that deliberately and systematically impose bitter hardship on the masses.

Assuming its accuracy—and there appears to be no reason for doubt on that score—the Stanford study thus may be regarded as a significant and encouraging report on one of the most crucial tests in Asia. The test revolves around Prime Minister Nehru's effort to demonstrate that India, by adhering to democracy, can do a much better job for its people, can achieve a more prosperous and

far happier way of life, than can Communist China with its detestable Marxist system of force, regimentation, and police-state terrorism.

This is a test that all of Asia and the free world at large have reason to watch with the utmost interest and anxiety. Say what one will of Mr. Nehru's exasperating "neutrality," he is nonetheless a champion of human liberty and a man intent upon proving that the peoples of the Far East will be better off if they emulate India's system instead of Red China's. To that extent, therefore, to the extent that it fully supports him, the Stanford study certainly constitutes a piece of good news.

Mr. HUMPHREY. I also ask unanimous consent to have printed in the RECORD at this point as a part of my remarks an article entitled "India Said To Top China In Industry," published in the New York Times of May 22, 1955.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

#### INDIA SAID TO TOP CHINA IN INDUSTRY— UNITED STATES ECONOMISTS FIND REDS LAGGING IN PRODUCTION

WASHINGTON, May 22.—India is ahead of Communist China in the race toward industrialization, two Stanford University economists reported today.

In the current issue of Problems of Communism, published by the United States Information Agency, Yuan-li Wu and Robert C. North compare the per capita output of various commodities in the two Asian countries.

The economists, both members of the Asiatic and Slavic studies department at Stanford, report that India produces more cotton yarn, cloth, finished steel, and cement per capita, although she used democratic planning techniques, while the Chinese used totalitarian methods.

"So far, the more rapid pace of industrialization in China has not been able to rival India's present stage of development on a per capita basis, even within the industrial sector in which China has concentrated its investment program," they report.

Peiping, according to their analysis, still is leveling down the living standard in the avowed hope of being able to level up at a later stage. India, on the other hand, has been more considerate of her people.

The article contrasts India's 5-year plan, calling for slight but gradual improvements in per capita consumption, with the Chinese plan for accelerated industrial expansion with the extremely low consumption standard reduced even further.

#### MAIN POINTS ARE OUTLINED

They make these main points:

India has deliberately chosen a slower rate of capital investment so as not to impose an unbearable burden on the people.

The Indian plan is one of broad development, rather than of concentration on heavy industry. The peaceful land reform in India also has led to impressive gains in agricultural production.

Forced labor, a mainstay of Chinese industrialization, has been avoided in India.

India has been getting more foreign economic assistance than China.

"India looks upon economic development as the way toward a better life for its people," the authors say. "Why, one must ask, has China adopted the opposite policy of 'austerity' and 'bitter struggle' when its people are also in immediate and often desperate need?"

"One factor is ideology. The regime is committed to the achievement of Bolshevik-style collectivism, and hence cannot afford too great tolerance for the kind of indi-



vidualism which a small peasant-proprietor economy is likely to encourage.

"It is likely, too, that Communist China finds it desirable to strengthen as rapidly as possible its relative independence, power, and capacity for initiative within the Sino-Soviet alliance. And in terms of the cold war and Red Chinese ambitions in Asia, Peiping undoubtedly sees the need for building an industrial complex capable of supplying modern weapons and military equipment for the use of its armed forces."

Mr. HUMPHREY. Mr. President, I have in my possession—and I refer to it only for purposes of an adequate record—a bulletin entitled "Problems of Communism," published by the Special Materials Section of the United States Information Agency. In this particular issue, the May-June issue, there is a report on China and India, entitled "Two Paths to Industrialism." This report gives elaborate and detailed documentation as to the accomplishments in India, as compared to what has been happening in China.

Mr. President, I have before me an article entitled "Famine Hits 180 Million in Red China," published in the Washington Post and Times Herald of May 29, 1955. I ask unanimous consent to have that article printed in the RECORD at this point as a part of my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

#### FAMINE HITS 180 MILLION IN RED CHINA

NEW YORK, May 28.—More than 180 million persons are starving in half the Chinese mainland and farmers are trading their implements and children for food, according to a report of the Chinese News Service, based on stories in Communist newspapers.

The food shortage was caused by last year's floods, an abnormally cold winter, wholesale Communist requisitions of grain, and heavy taxation, the service said.

Newspapers from Anhwei, Kiangsi, Hunan, Kwangsi, and Changchiang were quoted as saying livestock was being butchered by the hungry peasants, thousands of whom were trying to keep alive by eating grass.

The Ta Tao News Agency reported that more than 60 of the 98 counties in Kwantung Province were in dire need and that government relief rations had been cut from 7 ounces of rice a day per person to 5.

In some provinces the Communists have set up roadblocks to turn back starving peasants seeking food in the cities.

Mr. HUMPHREY. Mr. President, I bring this to the attention of the Senate to point out that while, at times, it seems that we have grave difficulties in the Asian area, particularly with the highly sensitive new-born nation of India, the truth is that the money we have invested, the money and the aid we have made available to the Indian authorities and the Indian people, using that country as one example, have produced constructive results. I ask my fellow Americans one question, "Do you want a pat on the back and a note of gratitude every time we expend or invest or lend a dollar? Or do you want accomplishments, constructive results which will make possible the maintenance, preservation, and extension of freedom?"

I can answer that question for myself. I should like, of course, to have every country send a note of thanks and appreciation to our Government and our

people for what we do. But I would rather that something good be done with the aid which we afford. I have noticed that all too often the countries or peoples who send us great bouquets of gratitude for our foreign aid are the ones who do the least with the foreign aid. What is most important today is that the funds which are made available from the resources of the people of the United States through our Government, be used for constructive good, to build up the economy and strengthen the political institutions of representative government, to give meaning to the new-found independence and nationalism of the countries of Asia, Africa, the Near East, and, in fact, all over the world, including the Latin-American areas. That is what we are really looking for. Let us not be so immature, so adolescent, so juvenile, as to want to have someone say "Thank you" every time we provide some aid. I must warn my colleagues that if that is what we are expecting, we shall be sorely disappointed.

Parents sought to know something about this problem. Mothers and fathers must frequently wait a long time before receiving thanks which are long overdue. I believe that a great nation like the United States ought to know that in our position of wealth and power we encounter a certain amount of envy and jealousy. Sometimes we do a great deal to aggravate such envy and jealousy by our comments and our actions. We are not in a popularity contest. Our foreign policy is not a part of the art of making love. What we are really trying to do is to give leadership in the world, economically, politically, and socially, so that other peoples may stand on their own feet and be free and independent peoples and nations.

If we can realize such returns, as one American I will not be disturbed even if other peoples say unkind words about us as we help them. Many a patient who starts to get well curses the doctor. One of the first signs of recovery of health is the extent to which the patient abuses the doctor, and sometimes his own family and friends. Frequently we find those who are prostrate, who have lost almost all hope of living, to be very docile, very accommodating, very generous and gracious to the doctor and to members of their families who are helping them. But when they begin picking up their crutches and beating the doctor over the head, that is a good sign that recovery is well on the way. I think we must be prepared, in a certain sense, not always to be thanked, but to find our thanks in the accomplishments of those we help.

The development assistance program is a part of the policy in connection with the investment we are making for the long-term good of the United States of America and the free areas of the world. I should like to note that of the money which will be made available to India, for example, for the coming year, some \$30 million, will be used in the purchase of surplus agricultural commodities. The local currency proceeds from these transactions will be used for local costs of irrigation, flood control, and power projects. It is very revealing

to note that under this program the Government of India will receive aid in the form of fertilizer to the extent of \$4 million; deep irrigation wells, \$4 million; river valley development to assist in the further expansion of irrigation, \$2 million; construction of electric power facilities, \$5 million; steel industry, \$15 million; transportation—particularly rehabilitation of their railroad system—\$6 million; and malaria control, \$4 million.

We have been able to utilize our surplus commodities for a humane purpose, and, at the same time use for constructive, progressive development in India the local currency used to purchase such commodities.

Mr. President, at this point I should like to have the comments of the Senate committee report printed in the RECORD. I do not believe there will be found a more succinct or concise, and yet persuasive, argument in behalf of the aid program as it relates to India, than the committee report outlines. I ask unanimous consent that it be printed in the RECORD at this point, as a part of my remarks.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

The development assistance component of the Asian aid program amounts to \$71 million, of which \$70 million is for India and \$1 million for Nepal.

The development assistance recommended for India in this bill has been thought out with great care and ties in with India's 5-year plan which is itself extremely well prepared. The bulk of the expenditures called for by this plan are financed from India's own resources. American assistance is a small, but crucial fraction of the total. The biggest item of American aid will be \$30 million in surplus agricultural commodities, the local currency proceeds from which will be used for local costs of irrigation, flood control, and power projects. Other assistance will consist of:

	Millions
Fertilizer .....	\$4
Deep irrigation wells.....	4
River valley development to assist in the further expansion of irrigation--	2
Construction of electric power facilities.....	5
Steel .....	15
Transportation, principally rehabilitation of Indian railways.....	6
Malaria control.....	4

The \$1 million development assistance program proposed for Nepal this year is intended to supplement a technical cooperation program and to begin meeting the needs for better transportation and communication facilities and for development of isolated areas.

India has almost half the population of non-Communist Asia, one of the lowest per capita incomes in the world (\$56 a year), a literacy rate of 20 percent, and a life expectancy of 32 years. It is resolutely embarked on one of the most important experiments in history to make self-government work and to bring about economic development in the context of a free society.

It is a tribute to the steadfast purpose of the Indian people and to their deep attachment to democratic processes that this experiment is succeeding despite the appalling difficulties. Economically, industrial production has increased by one-third since 1948, and agricultural production is 16 percent above the prewar average. Politically, the Communist Party continues to make little



headway. It received a surprisingly small percentage of the vote in the recent elections in the state of Andhra.

The Indian 5-year development plan is now entering its last year. The progress which has been made so far has been only by dint of the most resolute efforts. There will be general elections in 1956, and it is important that the rate of progress in the first 4 years of the plan be maintained, not only for the sake of India alone but also for the sake of the other free nations of Asia who are comparing the progress made by India in a free economy with that made by China in a totalitarian economy.

The committee is aware that from time to time demands are heard in the United States that assistance to India should be stopped in view of India's foreign policy of attempting to steer a middle course between the United States and the Soviet Union. The committee feels that such action on the part of the United States would be a mistake. India is a free, sovereign nation which, in its domestic policy, follows a firm anti-Communist line. Its foreign policy is one which seems to India best designed to protect and promote India's interests. Despite their differing policies toward the Soviet Union, the United States and India share a common devotion to free representative forms of government. A strong free India is an immeasurable influence for a strong free Asia. Certainly, it is far preferable for India to be neutral than to become a member of the Soviet bloc. The committee recommends approval of the full amount requested for India, which is approximately the same as last year, and which will be used to a considerable extent in the form of loans.

Mr. HUMPHREY. One of the other parts of the Asian aid program is technical cooperation. I notice that the distinguished senior Senator from Illinois [Mr. DOUGLAS] has taken an interest in this program, in particular. I was present in the Senate on the day when he delivered one of the finest addresses I have ever heard on the subject of technical assistance. I wish I could incorporate at this point a review of some of the projects and programs which the Senator from Illinois discussed, but I shall not duplicate the RECORD. The information is already in the RECORD. I believe the address was delivered some time in the month of April. I commend to Members of the Senate a re-reading of the fine speech of the Senator from Illinois on the subject of technical cooperation.

The technical-cooperation program proposed for Asia amounts to \$66½ million. This is exclusive of the United Nations activities.

I ask unanimous consent that the breakdown of that program, country by country, be printed in the RECORD at this point as a part of my remarks.

There being no objection, the breakdown was ordered to be printed in the RECORD, as follows:

The technical cooperation program proposed for Asia amounts to \$66,500,000, distributed as follows:

	Millions
Afghanistan.....	\$2.0
India.....	15.0
Nepal.....	1.0
Pakistan.....	9.0
Formosa.....	3.0
Indonesia.....	8.0
Japan.....	1.0

	Millions
Korea.....	\$8.0
Philippines.....	6.5
Thailand.....	5.5
Cambodia, Laos, Vietnam.....	7.5
Total.....	66.5

This money will be used mainly for the continuation of programs already underway. By major field of activity, it is divided as follows:

	Thousands
Agriculture and natural resources.....	\$18,672
Industry and mining.....	8,904
Transportation.....	1,540
Labor.....	1,410
Health and sanitation.....	9,196
Education.....	12,670
Public administration.....	7,695
Community development, social welfare, and housing.....	3,973
General and miscellaneous.....	2,080
Other costs.....	360
Total.....	66,500

Of the total, \$26,408,000, or more than one-third, will be used for supplies and equipment. This relatively high proportion is explained by the almost total lack in some countries of local supplies and equipment and of local resources with which to procure supplies and equipment.

Technical cooperation in Asia in the current fiscal year amounts to \$45.5 million. The \$66.5 million authorized by the bill would thus mean an increase of \$21 million. This is largely accounted for by new programs of \$8 million in Korea and \$7.5 million in Cambodia, Laos, and Vietnam. In previous years technical-cooperation-type activities in these countries have been financed out of other funds. Attention should also be called to the inclusion of \$1 million in the fiscal 1956 program to finance a productivity center in Japan.

Aside from these new programs, which seem to the committee to be justified, the increase for all the rest of Asia is only \$5 million, which the committee feels is reasonable.

Mr. HUMPHREY. I point out that this money will be used mainly for the continuation of programs already underway. Those programs are in the field of agriculture, industry, transportation, health and sanitation, education, public administration, community development, social welfare and housing, development of management and free labor throughout the countries to which we are extending this technical assistance.

I happen to have a soft spot in my heart for the technical assistance program and a firm resolution in my mind about it. It is what I call a thoroughly American program and provides for doing that which comes naturally. We Americans are essentially builders. We like to see things grow. We like to use our imagination and creativeness for the common good. We have given evidence of it in industry and in the arts and in technology, and, of course, in agriculture.

I am under the impression that most of us come from rural areas. At least whenever I talk to people they always like to remind me that they are country folk, too, or that they once lived in the country. That is a part of the American tradition. All Americans like to think in terms of what we call the extension service, or the county agent.

The extension service is a part of America. It is as American as Bunker Hill, the Statue of Liberty, or the Liberty Bell, or the Constitutional Convention. What we have done in the pending bill is to take the principle of the extension service and move it onto the international scene.

I know of no program which has built more goodwill, created more positive results, and brought about greater benefit to more people than the technical assistance program. We get more out of every dollar we spend on this program than from any other program America has authorized or supported.

If I have any complaint to make about the pending bill it is that we are not authorizing enough money for this program. I think we are authorizing as much as the administration has been able to program; but I said in the committee, and I repeat on the floor, that, in my opinion, the administration could have programed a great deal more. They have a big enough field in which to do it. I am convinced that every dollar we put into what we call the technical assistance program in the underdeveloped and underprivileged areas will not only make for good will and peace and security, but will yield millions of dollars in good business between the people of the United States and the people of other nations.

I wish that more emphasis could be placed on technical cooperation. I want to serve a word of warning now for those who review this RECORD. The RECORD may not be closely reviewed by our colleagues, but I know that the administrative agencies of the Government go over the CONGRESSIONAL RECORD very carefully. They hire people for that purpose. I want to serve a word of warning that I shall be carefully watching the administration of the technical assistance program. I hope that the new Administrator of the Foreign Operations Administration—incidentally, we are changing the name of that agency to the International Cooperation Administration, and setting up the agency as an autonomous unit in the State Department—I hope that the new Administrator will realize that some Senators and some Members of the other body are deeply concerned about the technical assistance program.

I am a charitable person. I like to think kindly of every man. However, I want to serve warning now that if I think anyone is monkeying around with this program and not giving it the support, the imaginative development, and the imaginative helpfulness it needs, he will hear from the junior Senator from Minnesota; and I am sure he will also here from the present Presiding Officer, the Senator from Illinois [Mr. DOUGLAS], and the Senator from Louisiana [Mr. LONG], and the Senator from North Dakota [Mr. YOUNG], who because he comes from an agricultural State, knows the principle of the extension service, the principle of self-help through trained technicians, and knows that that Extension Service has produced great dividends beyond human calculation.



I call to my colleagues' attention the fact that the bill does provide a substantial sum of money for the so-called bilateral programs in various countries. It is my hope that they will continue to grow as we are privileged to reduce the economic assistance in terms of defense, and that we will expand more and more the technical cooperation program.

Mr. President, this is the beginning of the good life. People can really become emancipated when they learn to use modern science and modern technology, and to mix their labor with the land and their brainpower with their God-given resources of water and timber and land and minerals. There is no program I know of which does more along that line than the technical-assistance program.

I have called the attention of the Senate to the fact that this program encompasses almost every country in Asia which is on the side of freedom or which is fighting for its own national independence.

There is a new section in the bill. It is called the President's Fund for Economic Development. It relates particularly to the Asian area. It is a fund of \$200 million. I would be less than candid if I did not say that some members of the committee, indeed, I think most members of the committee, were a little bit dubious as to whether we should turn over this amount of money to any President. I want my words to be interpreted objectively and not in a partisan sense. We were dubious whether we should turn over \$200 million to any President. We did not know whether we should turn that amount of money over without any strings attached to it at all, so to speak, and with no protection or standard or criteria established for its use, except the broad language that it shall be used for the economic development of the Asian region as a whole.

However, I reconciled my doubts on this matter in favor of the President of the United States, the Chief Executive. I gathered that there had not been set forth a specific blueprint of action for the use of the money. In fact, there may be good reasons why there should not be such a blueprint, from a strategic and psychological point of view. However, I want to make it clear that in the bill, as a result of the deliberations of the committee, we are asking for a report from the Chief Executive every 6 months on the progress he makes with this program. We ask him for a progress report with respect to what projects are underway and how the money is being utilized. I am sure that in the executive sessions of our committee the President, through the appropriate agent—in this instance the Secretary of State or the administrator of the program—will present to us the blueprint for future action.

There may be some reason why it should not be made available for general discussion, but I have not been able to discover any such reason. I usually find that most of the secrets we guard are kept only from our own people and that our enemies know all about them, anyway. Sometimes I think we would be better off if we told our own people a little more about what we were doing and what course we were following.

Mr. LONG. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. LONG. Mr. President, usually a Senator can find out what the secrets are by reading the nationwide magazines or the daily newspapers. That has been my experience. After we have been told that some information was classified top secret, and have had it whispered in our ears, I have found that same information spread in photographic detail in a magazine or newspaper.

Mr. HUMPHREY. I believe the Senator from Louisiana is basically correct. I would not say that it is any indication as to the ineffectiveness of the secrecy program. Rather, it is in high tribute to the great journalistic reporting capacities and abilities of the members of the fourth estate. They are able to find out information which even the most carefully trained investigators are unable to ascertain. I must say that we do make it a little difficult for them, but at the same time in doing so we sharpen their techniques. A certain relaxation of the rigid standards might cause a little softness on their part, and therefore it might be well not to slow up or to restrict the secrecy program.

Mr. SPARKMAN. Mr. President, will the Senator from Minnesota yield?

Mr. HUMPHREY. I yield.

Mr. SPARKMAN. Of course, I agree fully with what has been said by both the Senator from Minnesota and the Senator from Louisiana. I think it could be illustrated by many incidents which have occurred. But with reference to the particular fund which the Senator from Minnesota has been discussing, is it not fair to say that as of now perhaps it is impossible to give a blueprint?

Mr. HUMPHREY. It is; yes.

Mr. SPARKMAN. Because we are starting out on an uncharted course.

Mr. HUMPHREY. I think it is fair to say that.

Mr. SPARKMAN. Is it not true, also, that there is envisaged in this program perhaps a coordination of the technical assistance and the economic development programs, in that under the technical assistance program undoubtedly surveys will be made to determine useful projects which might be developed to help the economy of a country which the country itself is not able within its own resources, and this fund is to make it possible for the President of the United States to step in and assist both by loan and by grant in working out such projects?

Mr. HUMPHREY. Yes. The Senator's explanation is very helpful and is thoroughly in line with the discussion which took place in committee.

Furthermore, the fund is designed for capital investment in the non-Communist Asian areas and thus to lift the general level of the economic activity in those areas. As the Senator from Alabama has pointed out, we might find that this money provided in the President's special fund can be the difference between really effective progress and mere piecemeal limited efforts.

In other words, this fund can be utilized to support the technical assistance

projects but not in the technical assistance areas as such. It may be used for improvement of transportation systems, investment in a plan, or something else which may be necessary for the general economic progress of a country.

Mr. SPARKMAN. For the building of plants which will give employment to the people in the processing of their own natural resources?

Mr. HUMPHREY. That is correct.

Mr. SPARKMAN. Which, in turn, would increase the purchasing power of those people. I may say it is not altogether an altruistic move on our part, because we certainly look forward to the opportunity of helping to sell to those people goods which are manufactured in our own country.

Mr. HUMPHREY. I wish to thank the Senator for that observation. I think it is one of the most important observations that can be made in terms of our own self-interest in this matter. We actually do business on the basis of this program.

Mr. SPARKMAN. Mr. President, will the Senator indulge me for another moment?

Mr. HUMPHREY. Certainly.

Mr. SPARKMAN. The Senator made reference to the misgivings that many of us had with reference to turning virtually a blank check over to any President. Is it not true that the committee did write into the provision some conditions to safeguard the fund, although, as the able Senator has so well pointed out, it had to be left largely to the discretion of the President to handle?

Mr. HUMPHREY. That is correct.

Mr. SPARKMAN. Is it not true, for instance, that we put a limitation on the amount which would have to be disbursed in the form of loans rather than grants? In other words, that the whole amount cannot be granted?

Mr. HUMPHREY. At least 50 percent of it must be in repayable loans, and not more than 25 percent can be used in any one country.

Mr. SPARKMAN. Then, of course, as the Senator has pointed out, we have required that after the program is started a report of what has been done and what is projected for the future must be submitted each 6 months.

Mr. HUMPHREY. That is correct.

Mr. SPARKMAN. Does not the Senator consider this particular part of the program and various other elements making up what so many persons refer to as economic assistance, of course, including technical assistance, a highly important part of the program in the fight which we are carrying on, the cold war, against the onrush of communism?

Mr. HUMPHREY. I consider it a basic part of our struggle against Soviet imperialism and communism. I think any attempt to weaken the program at this time would be like tapping one of our own arteries or veins and weakening our own bodies.

Mr. SPARKMAN. Weakening our strength and inviting communism to enter and make up for the strength sapped away from potential allies of the free world.

Mr. HUMPHREY. That is true.



I wish to thank the Senator for his observation. He has had many years experience in the field of foreign relations and has been an active participant in the preparation of the program which is now before the Senate.

Mr. President, I ask unanimous consent that the committee report relating to the President's Fund for Economic Development, amounting to \$200 million, be printed at this point in the RECORD.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

**9. PRESIDENT'S FUND FOR ASIAN ECONOMIC DEVELOPMENT (SEC. 8 (K))**

A new element is added to the mutual security program this year in the form of a special fund of \$200 million for the President, to be available for obligation until June 30, 1958, and to be used primarily for projects contributing to economic development of the Asian region as a whole.

There is a great need for capital investment throughout non-Communist Asia, but the area is relatively poor and finds it very difficult either to attract outside private capital or to amortize bankable loans in sufficient volume; nor can it generate enough capital internally. The level of economic activity does not provide a large enough margin beyond immediate subsistence requirements, and the institutions for pooling what local capital does accumulate are either nonexistent or poorly developed.

For the same reasons, all stemming from basic poverty, the area's capacity to absorb capital is limited. Large investments would have disrupting inflationary effects.

The committee particularly calls attention, however, to limitations which it wrote into the section authorizing the fund. These limitations are that not less than 50 percent of the appropriations made to the fund shall be available only for furnishing assistance on a loan basis, and that not more than 25 percent of the funds may be allocated for assistance to any one nation.

The bill also amends section 534 of the Mutual Security Act of 1954 to extend to the Asian development fund the requirements of that section for the President to report semiannually to Congress detailed information on the use of the fund. The committee expects that these reports will not only contain precise specific information on past expenditures and obligations, but also, to the extent that the national interest permits, plans and projections for future obligation and expenditure.

The bill also provides that "the President shall give preference to projects or programs that will clearly contribute to promoting greater economic strength in the area as a whole or among a group or groups of countries of the area."

It is the hope of the committee that through the wise use of this fund, the President can take advantage of opportunities to stimulate economic activity on a regional basis and that the results of the projects for which the fund is used will be cumulative and will themselves lead to other investment and further development. It should be noted, however, that the fund will be administered on a bilateral basis and that the United States will retain full control over its uses.

Among examples of projects for which the fund might be used are regional development of water and mineral resources, transportation and communications projects, and regional training centers.

This broad authorization of \$200 million to the President for these purposes should be viewed in the context of other United States aid programs in Asia in recent years. Last year, for example, Congress authorized \$700 million—3½ times as much—to be used un-

der very broad authority to accomplish the policies and purposes of the Mutual Security Act in southeast Asia and the Western Pacific. And previously, over a period of 5 years, Congress authorized a total of more than \$2.5 billion for the President to use in his discretion in the general area of China.

It seems to the committee that an investment of \$200 million in the President's discretion for purposes of peaceful economic development in Asia is at least as justified and worthwhile as the earlier investment of much larger sums in the President's discretion for purposes of military assistance and direct forces support.

In point of fact, the President's discretionary power under this bill, though undeniably great, is less than it was under the Mutual Security Act of 1954. The \$700 million fund authorized by that act for southeast Asia and the Western Pacific has already been noted. In other respects, the authority given the President under this bill and under the 1954 act is substantially the same. His authority to transfer funds from one section to another is unchanged, and his authority for special use of \$150 million under section 401 is also unchanged in total.

Mr. HUMPHREY. I wish to emphasize the fact that this section of the report deals with the restraints and restrictions, or, at least, the counsel and advice about the use of the fund by the President.

I think it should be further noted that considerable discretionary authority is lodged in the President by the mutual security bill. However, it is not so great as it was last year, even with the \$200 million special fund herein authorized. I read from page 12 of the committee report:

In point of fact, the President's discretionary power under this bill, though undeniably great, is less than it was under the Mutual Security Act of 1954. The \$700 million fund authorized by that act for Southeast Asia and the Western Pacific has already been noted. In other respects, the authority given the President under this bill and under the 1954 act is substantially the same. His authority to transfer funds from one section to another is unchanged, and his authority for special use of \$150 million under section 401 is also unchanged in total.

I wanted to have the record clear with respect to the discretionary authority of the President, because we should have a complete understanding of what we are doing. We must keep in mind that in an unstable world situation where changes come so rapidly, we must place trust in the Chief Executive, in the office of the President, to apply the funds which are made available so as to assure the safety, freedom, and security of ourselves, as well as our various allies. No matter what our partisan differences may be, when we come down to the crucial field of national security, common defense, and foreign policy, we must place our trust where the Constitution requires it to be placed, namely, in the office of the Presidency.

Mr. President, I move along to the part of the bill which relates to the Near East and Africa.

The total program is \$309 million.

For direct forces support, \$27,500,000.

For defense support, \$102,500,000.

For development assistance, \$73 million.

For technical cooperation, \$41 million.

For United Nations Relief and Works Agency for Palestine Refugees, \$65 million.

The aggregate total for this region is \$309 million.

I mentioned the item of direct forces support, of \$27,500,000. Twenty million dollars of it goes to Turkey; \$7,500,000 to Iran. The largest single item is approximately \$12 million for fuel, which is, of course, a very important item in the economy of any country.

I am sure every American will agree with me that whatever funds we have been able to place in Turkey for purposes of military aid have been funds well expended. Turkey has become a valiant and powerful ally.

For defense support, which, as I have previously described, relates to the economic welfare and economic strength of a country, Greece will obtain \$15 million; Iran, \$37,500,000; Turkey, \$50 million, or a sum total of \$102,500,000.

Here, again, I may say that the Near East area is of crucial importance. It is the bridge between Asia and Europe. Certainly we want to do everything possible, in light of the success which has been attained in Iran, Greece, and Turkey, to keep those areas of the world strong and to further their progress, production, and general economic and social well-being.

I should like to note that the \$15 million of defense support for Greece is all for the importation of wheat, again from our surplus stocks. This will be sold in the civilian economy, with the local currency proceeds going into the Greek defense budget. Without this aid, as the committee report points out, it appears doubtful that the Greek armed forces could be maintained at a level commensurate with NATO force goals. So I am certain that it will be agreed that aid to Greece is well deserved.

The defense-support program in Iran will consist of \$15.4 million in sugar and wheat, and \$22.1 million in industrial items. Again, the local currency which will be paid for those goods will be used to meet the local costs of defense construction projects and to give help to the country in the support of its military forces.

Iran will not begin to receive oil revenues on a full scale until 1957. When the oil revenue begins to come back in full force, I am quite confident that the financial situation in Iran will not necessitate any amount of American economic aid.

Mr. President, I ask unanimous consent that the portions of the committee report relating to defense support for Turkey may be printed at this point in the RECORD as a part of my remarks.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

In Turkey, defense support of \$50 million will be used primarily for transportation and agricultural equipment and for machinery for development of small industrial plants. The local currency counterpart generated by these imports will be used in the Turkish defense budget to make up the difference between what the Turks themselves are able to spend and what is required to meet the defense levels set by NATO.



Although the Turkish economy has made substantial progress since United States aid began in 1947, it has been handicapped by high defense expenditures. Agricultural production suffered last year because of unfavorable weather conditions. Heavy capital investments, combined with defense spending, have contributed to inflation and to a large foreign exchange deficit. Yet the Turkish armed forces are the eastern anchor of NATO and the western anchor of Middle East defense. The Turks have themselves taken the lead in developing Middle Eastern defense alliances. They are firmly committed to collective security, and it is clearly in the interests of the United States to continue to help the Turks support their armed forces and particularly to help them through their present economic difficulties.

Mr. HUMPHREY. Mr. President, as to development assistance in the Near East, \$73 million has been authorized. This development assistance is for six Near East countries—Egypt, Israel, Jordan, Lebanon, Libya, and Syria. There is a very serious question as to whether the funds for this area are adequate. I believe the amount of the funds should be enlarged. I caution my fellow Americans that the Near East is potentially one of the richest plums in all the power politics of the modern world. Soviet Russia is close at hand, and its geographic proximity aggravates the danger of the situation.

Certainly we should look upon this area as a very vital part of the whole security system which we have created. No security system is any stronger than every link; or, as the old saying goes, a chain is no stronger than its weakest link. If in any part of the great free world system of collective security there is a weak link, the whole system will become lost, or at least jeopardized.

I am fearful that because of the passions and emotions which rage around the Israeli-Arab difficulties, the State Department and the Foreign Operations Administration have not been willing to come to grips factually and objectively with the needs in that area of the world. I think that both the Israeli area and the Arab States are in need of greater economic assistance. I think the money we will put into those areas will come back to us a thousandfold in the form of long-term security and long-term economic gains for all parties and peoples.

This year's authorization represents a substantial reduction from last year's, a little more than \$40 million. Last year \$115 million was authorized; this year's authorization is \$73 million. So I am fearful that unless we look at the situation a little more carefully—and I hope we shall in the Senate debate—we may very well find some of our friends, particularly the State of Israel, in grave difficulty because of the lack of adequate assistance.

I further point out that a nation which aspires to freedom and representative government, as Israel does, and as it has been able to maintain it for 7 years, is a very powerful factor in the so-called cold war. There is no more important force than precept and example.

In the Near East area, an example of representative government, of free economic institutions, and of free polit-

ical institutions is a perpetual weapon in the struggle between tyranny and freedom. I wish we would place a little more emphasis upon the psychological needs, the psychological factors and forces.

I shall never forget what Mr. Chester Bowles said before the Committee on Foreign Relations not long ago. He was giving a definition of power. I can only paraphrase the eloquence of his remarks. Mr. Bowles said that all too often our leaders define power in terms of dollars, guns, divisions, economic resources, industry, production, statistical tables relating to per capita wealth, and so forth. Then he went on to point out:

Senator GEORGE and members of the committee, in recent months I have asked several prominent Americans for their definition of power. Their answers have included the Strategic Air Command, Army, Navy, NATO, SEATO, industrial capacity, access to raw materials, communications and geography. Two additional factors which, in my opinion, are essential elements of power have usually been omitted. These two elements are people and ideas.

The changes which lately have been taking place in Asia and Africa are a dramatic illustration of this. In the last 8 years 1.2 billion people—half the population of the world—have changed their form of government without the benefit of atom bombs, jet fighters, flattops, steel mills, or modern transportation systems. Indeed in most instances, the preponderance of power as defined in these narrow terms, was largely arrayed against them.

I commend at least this portion of Mr. Bowles' testimony to the attention of all Senators, because I cannot help feeling that we Americans do not place the proper emphasis upon the impact of ideas and people. We have become so used to appropriating and appropriating, and talking in terms of our production and goals, in connection with tangible, materialistic factors, that we have forgotten the impact of people and of ideas.

If any country on the face of the earth ought to understand the meaning of ideas and people, it is the United States. The full power of George III and the British Empire was arrayed against this Nation 180 years ago. We were a small country, with only a few people—at least, not a sufficient number to entitle us to be called a major power—and none of the modern weapons of war of that period. But we had an idea—an idea that tore down the monarchies of half the countries of Europe. There were many persons in the new Nation who believed in it and were dedicated to it. We should keep these very human, spiritual, and intangible forces constantly in mind.

Mr. President, I have mentioned the total sum of money for development assistance. I ask unanimous consent that the portion of the report relating to Egypt, Israel, Jordan, Lebanon, Libya, and Syria, be included at this point in my remarks.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

In Egypt, the program is designed to help the Egyptian Government carry out its overall 10-year, \$2 billion economic development

plan which is aimed principally at achieving maximum agricultural production, increasing the amount of arable land, expanding industrial production, and introducing new industries. United States assistance will consist chiefly of equipment for highway construction and port improvement, and construction of grain silos, irrigation pumping stations, and power plants.

In Israel, surplus agricultural commodities will account for a large part of the development assistance program, about half of which will probably be on a loan basis. Although Israel has made significant economic progress, and American assistance has been reduced, it is not yet feasible to terminate that assistance.

In Jordan, a country of low productivity and high population in relation to resources, the development assistance program will be concentrated on highway and water development, particularly well drilling.

In Lebanon, the program would concentrate on agricultural development, improvement of village water supplies, and public roads. A primary object is to encourage local capital formation through reducing the need for expenditures on food imports and through improving transportation facilities. It is contemplated that most of the assistance for Lebanon would be on a loan basis and that part of it would be in the form of commodities.

Libya—which provides the site for the United States Air Force Base at Wheelus Field near Tripoli—is one of the poorest and at the same time most important countries in the area. The development assistance program and the technical cooperation program will be operated together, wherever appropriate, in order to obtain maximum results, particularly in water exploration and development work and improved agricultural practices.

Although the United States has no agreements for either development assistance or technical cooperation in Syria, the bill includes funds for economic aid should Syria desire it in connection with unified planning of the project for utilizing the waters of the Jordan and Yarmuk Rivers. Maximum use of this water for irrigation might prevent full development of its hydroelectric power potential in which case Syria might need external credit for thermal power development.

Mr. HUMPHREY. Mr. President, as to technical cooperation in the Near East and Africa, \$41 million is authorized. I shall not elaborate further upon the importance of technical assistance. What I have said about technical assistance programs in Asia surely applies to the Near East. Those who have visited the near eastern section of the world know that poverty is one of the notable factors. Conditions of bad health and of the most abject form of misery and poverty are prevalent everywhere.

It appears to me that by the careful application of scientific know-how, technologic know-how, technologic assistance, training people to help themselves and to retrain themselves, we can, working with them, do much, and they can do much, working with us, to ameliorate the terrible conditions of social infection and personal tragedy.

Very frankly, I hope that our Government will be a little more dramatic and a little more imaginative about what we can do and what people in these areas of the world, who are beset by economic and social difficulties, can do.

Every time I pick up a newspaper I read either about the Russians having more bombers than we have or we hav-



ing more bombers than they have. It depends on what column one is reading or when the last time was we had heard from the Pentagon.

I am convinced of one thing: Bombers are important for national security.

I have supported a national security program. I believe in a stronger one than that which our present leadership espouses. I did not vote for any cut in our Air Force program. I think such a cut was a mistake. But I also believe in one other thing: I believe that we Americans would do well to build our strength quietly, conscientiously, persistently, without any ups and downs. Let us move ahead methodically, building the military strength that a great Nation needs. Let us quit talking about it so much. Let us quit threatening to drop atom bombs. If we dropped half as many atom bombs as we have threatened to drop, we would not have a stockpile of them.

Let us proceed to point out what is really a part of our life. We are not Spartans or gladiators. We are doers of good, honest deeds. We really represent onward marching Christians, and we should live up to the nobility of that term. We ought to be talking about enabling little children to lead better and fuller lives. We ought to be talking about turning barren soil into fertile fields. We ought to be talking about how, working together as brothers and sisters, we can make a better world.

The Communists cannot talk about that, because they believe in bombers, guns, and atom bombs. They have more physicists than we have. But we have more decent motives than they have. We ought not to talk in their terms. We ought not to talk about how we can close our doors to their people. We frequently ape what this government does. My plea is that in the programs we authorize we ought to emphasize the things we do best, the things that come naturally, the things that our parents taught us to believe in.

We have a wonderful tradition and history. It is one of constant emancipation. It is one of human liberty. It is one of social progress. It is one of expanding frontiers. It is a great history and tradition of more education for more people, better health for more people, better facilities for social welfare and recreation for more and more people, better jobs, and lifting the burden of labor from the backs of those who are the toilers in the fields and in the shops.

This is the great moral, spiritual, and psychological lesson of America. Every time we invest in technical cooperation, in student-exchange programs, in all the many great projects which are now underway, by our own efforts and through the United Nations, we really put our best foot forward.

Instead of rattling the saber, I suggest that we reveal to the world a very contrite and compassionate heart and a firm will. I shall never forget the lines of Lincoln when he spoke of our great country as being the last best hope on earth. He said:

With malice towards none, with charity for all, with firmness in the right, as God gives us to see the right.

Most people can go through life without any malice, and most people can go through life with a spirit of charity, but it takes a real man to go through life with firmness in the right and still have a spirit of charity.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. SPARKMAN. The Senator from Minnesota has referred quite ably to the program described as technical cooperation. I wonder if it would not be well to state for the RECORD the fact that technical cooperation really envisions two things, as people usually think of them. It embraces assistance through the United Nations in the technical-assistance field. I believe that contribution amounts to about \$24 million. Is that correct?

Mr. HUMPHREY. That is the amount authorized in the bill.

Mr. SPARKMAN. That is our participation in the technical-assistance program through the United Nations, and \$146,500,000 represents what is commonly known as the point 4 program. Is that not correct?

Mr. HUMPHREY. That is correct in reference to the Near East and Africa point 4 program. I should like to use that terminology. That was the original name. I always have difficulty keeping up with people who change their names.

Mr. SPARKMAN. I wish to make it clear that we carry on a two-phase program. That is, we do our part through the United Nations in a very fine technical-assistance program which is carried on by that organization; but, not content with that, we also engage in bilateral agreements, whereby we offer to share with underdeveloped areas our skills and techniques, in order to help them help themselves. A great many persons, not only in this country, but in other countries of the world, do not recognize the program when it is mentioned by the term "technical cooperation." They know it as the point 4 program. It was known by that name ever since 1949, I believe, when the then President delivered a message in which he recommended a bold new program in offering our techniques and skills to other peoples.

Mr. HUMPHREY. I think this program was one of the really great accomplishments, and I might even call it an invention, of the past decade. I resent the fact that, because of what I consider to be petty developments, an attempt was made to change the name. It indicates to me a sort of picayunish, partisan pettiness. I think we might just as well call it what it really is—point 4. If people want to change their names, they ought to go to court.

Mr. SPARKMAN. I am sure the Senator from Minnesota has had the same experience I have had. In talking with people in the countries affected, they always refer to the program as the point 4 program. They know it by no other name. I agree with the Senator when he refers to the pettiness, the littleness, of insisting on changing the name simply because the other name, which hap-

pened to become well known throughout the world, was applied by a previous administration.

Mr. HUMPHREY. I thank the Senator from Alabama.

Mr. President, I ask unanimous consent to have a breakdown of the point 4 program for the Near East and Africa, by countries and by major activity, printed in the RECORD at this point.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

*Near East and Africa—Technical cooperation*  
BY COUNTRY

Near East and Africa:	Millions
Egypt .....	\$4.0
Ethiopia .....	3.4
Greece .....	1.5
Iran .....	10.0
Iraq .....	2.3
Israel .....	2.0
Jordan .....	2.8
Lebanon .....	2.5
Liberia .....	1.8
Libya .....	2.0
Turkey .....	2.5
Dependent overseas territories.....	4.0
Regional .....	2.2
Subtotal.....	41.0

BY MAJOR ACTIVITY	Thousands
Agriculture and natural resources..	\$10,706
Industry and mining.....	3,726
Transportation.....	3,089
Labor.....	850
Health and sanitation.....	5,211
Education .....	7,866
Public administration.....	2,640
Community development, social welfare, and housing.....	3,857
Other.....	3,055
Total.....	41,000

Of the Near Eastern program, \$7,291,000 is proposed for supplies and equipment.

Mr. SPARKMAN. Mr. President, unless the Senator intends to take up other areas at this time, I suggest that the whole table be placed in the RECORD.

By the way, I think one thing should be emphasized. This is a \$3½ billion bill, is it not?

Mr. HUMPHREY. That is correct.

Mr. SPARKMAN. But of that amount, only \$146 million will go to this program, which probably makes a greater contribution to long-range peace-building than does any other part of the total program of the bill; and when this particular program is broken down, so as to show the amounts going to the various countries, we observe how relatively small is the amount for each one.

Mr. HUMPHREY. I certainly agree with the Senator from Alabama that, dollar for dollar, we obtain more results from this program than we do from any other program we have been able to develop to date.

Mr. President, another item for the Near East and Africa is the Palestine refugee program, at a cost of \$65 million. I certainly support the committee's recommendation, and hope Congress will do so, for an authorization in the amount of \$65 million. This particular activity is administered by the United Nations Relief and Works Agency for Palestine Refugees in the Near East. The committee report explains in detail the pur-



poses of the project, and I ask unanimous consent that the detailed information contained in the committee report be printed at this point in the RECORD.

There being no objection, the excerpt from the report was ordered to be printed in the RECORD, as follows:

28. PALESTINE REFUGEES (SEC. 8 (F))

The bill contains an authorization for \$65 million to be contributed to the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA). A standby authorization of \$30 million was made for the same purpose last year, but it was not necessary to request appropriations and the authorization will lapse June 30, 1955.

This is the first request for new funds since fiscal 1953 when \$60,063,250 was appropriated. Of that amount, it is estimated that \$6.4 million will remain unexpended as of June 30, 1955. Additional funds have not been necessary sooner because to date UNRWA has been restricted largely to relief activities and funds intended to be used for rehabilitation projects have been carried over. The UNRWA relief program has cost about \$25 million a year. Relief will continue at about the same rate during fiscal 1956, and \$16.5 million of the requested United States contribution will be set aside for this part of the program.

The remainder of the proposed United States contribution, \$48.5 million will be devoted to rehabilitation projects, which the administration hopes will be realized during the coming fiscal year.

A permanent solution of the Arab refugee problem can only be found through rehabilitation and resettlement, and the committee has repeatedly expressed its deep concern over the lack of progress in this direction. The committee was, therefore, encouraged to learn that final negotiations are nearing completion for two large-scale resettlement projects. One of these will provide for 60,000 to 70,000 people in Sinai at an estimated cost of \$50 million. The other is the Jordan River Valley development which will benefit about 150,000 refugees at an estimated cost of \$90 million. Both of these projects will take a number of years to complete but the administration is hopeful that a start can be made on them during the course of fiscal 1956, and UNRWA has tentatively budgeted \$61.5 million for this purpose.

The committee believes that if projects of this character can be brought to fruition, a great contribution will have been made to reducing the tensions that now disturb the area.

In view of the great benefits which would flow from such a development, the committee feels the United States contribution here proposed of 70 percent of the total is justified, but at the same time it believes that greater effort might be made to increase worldwide participation in the program.

Mr. HUMPHREY. Finally, Mr. President, I come to what I consider to be an area both close to home and close to the hearts of the American people, namely, the Western Hemisphere. The total program proposed for the Western Hemisphere amounts to \$52,500,000. Earlier today, I discussed this matter with the junior Senator from Florida [Mr. SMATHERS], who indicated to me that it was his intention later to submit some amendments for the expansion of what we call development assistance. My feeling is that slowly but surely—and I believe it is a little too slowly, although I hope it is very surely—we are beginning to appreciate the strategic importance as well as the economic and political im-

portance of our Latin-American neighbors, the countries in Central America and South America. We should be keenly interested in what is current in these countries, because of their geographical position, if for no other reason, but also because they are in the New World, and because they came into being as new States at about the same time that our country became a sovereign, free state.

Our Government was the first to recognize our friends and neighbors to the south as sovereign, independent countries. They broke away from the old system of aristocracy and monarchy. They are a part of the New World and the new era. It is gratifying to me to realize that we have a continuing interest in their economic and political well-being. But I repeat that much more needs to be done. I regret that more attention has not been paid to these areas. Very frankly, Mr. President, our relationships with the Latin American countries after World War II simply subsided and went from bad to worse. We virtually ignored their existence. It has only been in recent days that attention has been paid to them by us.

So I think we owe a debt of gratitude to the junior Senator from Florida [Mr. SMATHERS] for arousing keen interest in the Senate in this situation. He has joined with others, but he has given leadership to the work. I am of the opinion that the State Department is well aware of his keen interest in it.

Mr. SMATHERS. Mr. President, will the Senator from Minnesota yield to me at this point, to permit me to make an observation.

The PRESIDING OFFICER (Mr. DOUGLAS in the chair). Does the Senator from Minnesota yield to the Senator from Florida?

Mr. HUMPHREY. I yield.

Mr. SMATHERS. First, Mr. President, I wish to say that I appreciate very much the kind and generous remarks of the Senator from Minnesota regarding my efforts and regarding the countries of South America and Central America. Let me say frankly, however, that none of the things which have been done in that connection would have been done without the very able assistance of the Senator from Minnesota and all the other Senators whom I happen to see at this time on the floor.

Earlier, it was my privilege to talk with the able chairman of the committee, who expressed the same feeling about the importance of our relationships with the countries of Central America and South America that has been expressed by the Senator from Minnesota. I am sure the Senator from Minnesota hits upon a sensitive point, however, when he states that including all the grants and measures of assistance we have adopted, we have never yet done for Central American or for South America more than 1.5 percent of the total amount we have done for the other areas of the world.

As the Senator from Minnesota has pointed out, it does not make a great deal of sense for us to be fighting communism and the conditions which breed communism, such as chaos, poverty, and ignorance, 7,000 or 8,000 miles away from

home, and at the same time to let those conditions prevail in our own backyard, so to speak.

So I appreciate the great assistance the Senator from Minnesota has given in connection with this program, and I thank him for his remarks.

Mr. HUMPHREY. I thank the Senator from Florida.

Mr. President, I think I am at liberty to say that the Senate Committee on Foreign Relations spent more time, this year, than in any other periods, at least those with which I am acquainted, on the Latin American program. I think there is a growing interest and a growing concern in regard to our relationships with the countries of Latin America.

At this time I shall simply submit a brief statement of the facts in connection with this part of the program, because I know that other Senators will wish to speak on this point.

For the Western Hemisphere, the total program, which, of course, relates to our Latin American friends and neighbors, is made up of \$21 million for development assistance, and \$31,500,000 for technical cooperation, or a total of \$52,500,000. That is a little more than half of what we are contributing to Western Europe this year, after having spent billions of dollars in Western Europe. I remind my colleagues that we have gone through a trying experience resulting from certain developments in Guatemala, and we have witnessed some other difficulties in that area. I cannot help but say—and I say it in all kindness and charity—that one of the countries which will receive some aid under the program is Guatemala, but it did not get much aid from us before it went Communist. In other words, three countries were mentioned, as I recall, for development assistance. They were Haiti, Guatemala, and Bolivia. One of those countries had a devastating hurricane, and then received a little help from us. Another of those countries went Communist, and then it finally received a little help from us. Bolivia is fighting for its very life, and much of its industry is being handled by State ownership. Other countries are trying to make the political institutions in which we believe work; and I hope we will not wait until one of them is almost wrecked by another hurricane, or until another of them goes Communist, or until another one of them has other serious difficulties. I believe we should be of help to these countries before disaster strikes them and before helping them costs so much more than it would previously have cost us to be of any real assistance to them.

Mr. LONG. Mr. President, will the Senator from Minnesota yield to me?

Mr. HUMPHREY. I am glad to yield. First, I should like to say that our friend, the Senator from Louisiana [Mr. LONG], has been in the forefront of the effort to strengthen our relationships with Latin America; and I am sure the Senator from Florida [Mr. SMATHERS] will agree with me when I make that statement.

Mr. LONG. I thank the Senator from Minnesota for yielding to me.

Mr. President, I wish to say that this particular aid program is only a small



fraction of what is being done by the United States, both directly and indirectly, to aid Latin-America. The greatest aid by the United States has come in terms of loans, which have been good loans, and have been repaid; and also much of our aid to Latin-America has been in terms of American investments—good, modern, up-to-date, capitalistic help—to raise the standard of living of the people of those countries. I am sure the Senator from Minnesota would not wish to overlook mentioning the fact that it is along those lines that much of the support from this country has come, and that it has paid off.

Although one area of Guatemala went Communist for a brief period, I am sure the Senator from Minnesota realizes that was not in accordance with the will of the people of that area, but that, to the contrary, when the people there learned what had happened, they rose up and threw out communism, which is contrary to the ideology in which they believe.

Mr. HUMPHREY. The Senator is correct. I thank him for his word of caution and balance in connection with my comments. I am just coming to the subject of the flow of capital into the Latin American areas. I should like to state the figures which the staff of the Foreign Relations Committee was kind enough to gather for the purposes of this RECORD. I think we need the full picture, including not only Government assistance and aid, but loans by private capital, and other forms of aid.

Mr. SMATHERS. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. SMATHERS. Before the Senator from Minnesota discusses the subject of private capital, let me point out that in his remarks he spoke of the hurricane which hit the Island of Haiti. I had the opportunity to be down there shortly thereafter, and to observe the tremendous damage which had been done to that island, particularly to the agricultural crops which are so essential to the economy of the island.

As I understand, in this program there is not now specified any money for Haiti. The way it is approached in the report is this: It is suggested in the report that the State Department, or whichever agency will be in charge of trying to obtain this money, ask for it from a contingent fund. Whether it would be available from such a fund, no one can possibly say. If another emergency such as the Korean emergency should arise, and all the money from the emergency or contingency fund should be needed to meet it, there would be no money at all available for Haiti.

Let me say to the Senator from Minnesota that it is my hope, sometime tomorrow, to offer a very modest—and I think sensible—amendment, which would correct that particular project so far as Haiti is concerned.

I wish to join with the Senator from Minnesota in commending the Senator from Louisiana [Mr. Long]. He has done a great deal to improve relationships between our country and the countries of Central and South America.

However, I am sure the Senator would recognize that there is considerable difference in the treatment of various countries. We say to some countries, "We will give you billions of dollars," and we say to other countries, "We will make a loan to you, but you must pay it back."

The fact of the matter is that most of the loans which have been made to Latin American countries have been repaid. They have been good loans. But there is not a great deal of justification for us, with our bounty and generosity, saying to one section of the world, "We will give you all this for the sole purpose of fighting the conditions which breed communism," and then saying to another section of the world, "Even though you have such conditions, we will not give you anything, but we will lend you what you need." That is a discrimination which I am sure the Senator from Minnesota as well as the Senator from Louisiana would like to eliminate.

Mr. HUMPHREY. I thank the Senator for his observation.

Mr. President, I ask unanimous consent that the statement pertaining to Bolivia and Guatemala be printed in the RECORD at this point, as a part of my remarks.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

Western Hemisphere—Development assistance	
Bolivia .....	\$16,000,000
Guatemala .....	5,000,000

Bolivia's present reform government came to power in 1952 in what had long been one of the poorest, most exploited, and most politically volatile countries in the world. Bolivia's poverty does not result from lack of resources but from maldistribution of wealth and backward land tenure and social systems. The present Government of Bolivia has attacked those problems vigorously and on the whole realistically.

The Bolivian Government's efforts to improve the conditions of its own people were severely handicapped by the precipitous decline in world tin prices from about \$1.20 a pound to 80 cents a pound in early 1953. Bolivia has to import more than half its food, and tin exports alone account for two-thirds of its foreign-exchange earnings.

In this situation, economic conditions in Bolivia deteriorated rapidly and a real threat of political chaos developed. In November 1953, a United States assistance program was started to relieve the immediate threat of famine and to help remove the basic cause of the crisis by increasing agricultural production and diversifying economic activity generally.

This program, which is tied in with the Bolivian Government's own development plans, has made considerable progress, and for the first time in many years there is legitimate ground for optimism as to the future of Bolivia. The country has not yet reached the point where it could continue without foreign help, however.

The development-assistance program for Bolivia for fiscal 1956 includes \$10 million in food and agricultural imports, principally bread grains (\$7 million) and fats and oils (\$2 million), and \$6 million in machinery and vehicles, chiefly agricultural and road-building equipment. Local currency accruing from the sale of the commodities will be used to carry out additional portions of the Bolivian development plan.

**GUATEMALA, \$5 MILLION**

The new Government of Guatemala, which overthrew the Communist-dominated Arbenz regime last year, came into power in a country which had always been poor but which had been further impoverished through the systematic looting carried on by the preceding government. The situation has been further complicated by a decline in the price of coffee, which is Guatemala's principal export.

It is obviously in the interests of the United States to help demonstrate to the people of Guatemala that they can make more economic progress under an anti-Communist than under a Communist government. For this purpose, the development assistance authorization in the bill includes \$5 million for Guatemala to be used principally for financing the construction of roads and other public-works projects. These activities will not only alleviate unemployment but should also stimulate economic activity generally by opening up hitherto isolated sections of the country. Part of the money will also be used for completion of Roosevelt Hospital in Guatemala City.

The committee has some doubts that the \$5 million authorization in the bill for Guatemala is sufficient. It is possible, depending upon future developments, that perhaps as much as \$10 million more may be required to help the Castillo Armas liberation government repair the economic damage left by the Communist regime. In this connection, the committee calls attention to the authorization in section 8 (a) of \$100 million for a worldwide contingency fund and urges the administration not to hesitate to use this fund to provide additional assistance to Guatemala, should such action prove necessary.

Mr. SPARKMAN. Mr. President, will the Senator from Minnesota yield?

Mr. HUMPHREY. Before I yield, I ask to have printed in the RECORD at this point as a part of my remarks the figures relating to the technical cooperation program, or the point 4 program, showing, first, the amount which each country will receive; and, secondly, the activities involved.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

Western Hemisphere—Technical cooperation, \$31.5 million	
BY COUNTRY	
Latin America:	Millions
Bolivia.....	\$2.5
Brazil.....	3.5
Chile.....	2.4
Colombia.....	1.5
Costa Rica.....	1.0
Cuba.....	0.6
Dominican Republic.....	0.4
Ecuador.....	1.6
El Salvador.....	1.0
Guatemala.....	1.8
Haiti.....	1.5
Honduras.....	1.1
Mexico.....	1.8
Nicaragua.....	0.9
Panama.....	1.3
Paraguay.....	1.5
Peru.....	2.7
Uruguay.....	0.4
Venezuela.....	0.2
Dependent overseas Territories.....	1.1
Regional.....	1.2
Subtotal.....	30.0
Organization of American States.....	1.5
Total.....	31.5



## BILATERAL PROGRAMS BY MAJOR ACTIVITY

	Thousands
Agriculture and natural resources	\$10,711.5
Industry and mining	2,440.1
Transportation	1,492.6
Labor	1,009.7
Health and sanitation	5,734.3
Education	4,197.5
Public administration	1,912.6
Community development, social welfare, and housing	944.5
Other	1,557.2
Total	30,000.0

Mr. HUMPHREY. I carefully note that the total amount of funds for the point 4 program, or the technical cooperation program, for the Western Hemisphere, is \$31.5 million—\$30 million to various countries, country by country, and \$1.5 million for the Organization of American States, which conducts a sort of multilateral program of its own in the Latin American countries.

It is interesting to note that the greater share of the funds for the point 4 program goes into agricultural and natural resource development. The next largest amount goes into health and sanitation. The next largest amount is for education. I think the programs are well directed and well planned.

The first point 4 program, or technical cooperation program, was in the Latin American countries. I believe that was under the Institute of Inter-American Affairs.

I now yield to the Senator from Alabama.

Mr. SPARKMAN. I appreciate the courtesy of the Senator from Minnesota in yielding.

One thing which I wished to bring out was the fact that so far as the point 4 program is concerned, we really cut our teeth—if that expression may be used—in Latin America. However, I believe that the program antedates even the time mentioned by the Senator from Minnesota. I think it goes back to the Good Neighbor policy, in the early days of the Roosevelt administration.

Mr. HUMPHREY. I think that is true. I believe it is fair to say that Cordell Hull, as Secretary of State, had a great influence in developing better relations with our Latin American neighbors.

Mr. SPARKMAN. That was a part of his program.

The particular point I wish to make—and this is in line with the very fine suggestion made by the very able Senator from Louisiana [Mr. LONG] to the effect that a great deal of the best help we have been able to give to Latin American countries was in the form of capital loans to help them develop various projects—is that before we were able to determine the economic feasibility of those particular projects or loans we had used the point 4 program and the surveys made under that program in order to obtain the facts relating to such projects. In other words, has not the point 4 program in Latin America been basic, fundamental, and essential for carrying out the loan program mentioned by the distinguished Senator from Louisiana?

Mr. HUMPHREY. I am sure one could say frankly that there is a direct relationship. When the Army Engineers are authorized to make a survey for a flood control project, that is equivalent to the point 4 program, which does the pioneer work and starts the development. Later comes the mass of capital which is needed. In this instance much of it is private capital, to carry out agricultural and industrial expansion and development.

Mr. LONG. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. LONG. Is the Senator able to tell us the amount of loans, dollarwise, that have been made to Latin American countries under the so-called Good Neighbor Policy, through the Export-Import Bank and various other agencies?

Mr. HUMPHREY. If the Senator will bear with me, I should like to read the statistical material. I wish to be accurate. Some of these figures involve estimates, in terms of some of the overall figures.

The average annual rate of flow of private capital to Latin American countries—Central America and South America—is approximately \$650 million a year. This figure is derived as follows:

The United States private investment average, from 1951 to 1953, was \$436.3 million. The average for the Export-Import Bank and International Bank for Reconstruction and Development, from 1950 to 1954, was \$218 million.

So there is an average annual rate in recent years of approximately \$650 million of new capital in Latin America. This figure does not reflect private investment from non-United States sources. The Economic Commission for Latin America estimates European investments in that area at more than \$100 million a year, mainly in short- and medium-term loans connected with trade operations.

Coming directly to private investment, the total as of December 31, 1953, in Latin America was \$6,175,000,000 of United States private investment.

Mr. LONG. Over what period of time?

Mr. HUMPHREY. That was up to 1953.

Mr. LONG. Starting at what date—1932 or 1933?

Mr. HUMPHREY. That was the total value of American investments in that area.

The flow of net new capital investment plus re-invested earnings in 1951 was \$449 million; in 1952, \$601 million; in 1953, \$259 million.

The flow of United States investment per capita in the period 1951 to 1953 was \$7.65.

Coming to the Export-Import Bank and the International Bank, the total cumulative authorized credits in the case of the Export-Import Bank, through April 1955, were \$2,466,000,000; for the International Bank, through March 1955, \$553,000,000, or an aggregate of \$3,019,000,000, through April of 1955. Of the amount disbursed from those loan authorizations—this is cumulative—up through December 31, 1954, or the first

of 1955, the Export-Import Bank disbursed out of its total authorization of \$2,466,000,000, \$1,406,000,000, and the International Bank, out of its authorized credits of \$553,000,000, actually disbursed \$316,000,000, or a total of \$1,722,000,000.

The annual rate from 1950 to 1954 of the Export-Import Bank disbursements was \$162,000,000 every year, and from the International Bank, \$56,000,000, or a total of \$218,000,000 each year. In order to make these figures more understandable and to show them in greater detail, I ask unanimous consent that the table listing the credits authorized by the Export-Import Bank and the International Bank for reconstruction and development be printed at this point in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

## Credits authorized by Export-Import Bank and IBRD

[Figures shown in millions]

	Credits other than exporter credit lines		Ex- porter credit lines	Total credits
	Latin Amer- ica	Other areas		
Export-Import Bank: Cumulative total: February 1934-De- cember 1953	\$2,152	\$4,328	-----	\$6,480
1954: January-June	40	37	-----	77
July-December	116	156	\$21	293
Total	156	193	21	370
1955: January-March	151	18	58	227
April	7	28	37	72
Total authoriza- tions February 1934-April 1955	2,466	4,567	116	7,149
IBRD: Cumulative total: May 1947-December 1953	437	1,344	-----	1,781
1954: January-June	29	104	-----	133
July-December	82	68	-----	150
Total	111	172	-----	283
1955: January-March	5	100	-----	105
April (not available)	-----	-----	-----	-----
Total authoriza- tions, May 1947- March 1955	553	1,616	-----	2,169

Source: Compiled from information received from Export-Import Bank and IBRD.

Mr. HUMPHREY. I wish to add one final word. Mr. Norman Paul, the Deputy Director of the Foreign Operations Administration, testified before our committee that more than 37 percent of all United States private investment abroad was in Latin America. It appears to me that that is one of the soundest investments we have ever made. We have not heard of any people complain that those investments were poor investments.

I would justifiably feel that the investment of private capital in Latin-American countries is not only a good investment, but is good economics and good international policy and good national security.

Mr. LONG. Mr. President, will the Senator yield?



Mr. HUMPHREY. I yield.

Mr. LONG. It seems to me that the experience we have had in Latin-America so far has been much better than anyone thought it would be when we first started to develop these investments. Many people then thought that the loans under the Export-Import Bank would be unsound investments. However, the record has been so good and the repayment schedule has been so good that today these loans are regarded as very conservative, Wall-Street-banker type investments.

Mr. HUMPHREY. That is correct.

Mr. LONG. As a matter of fact, the experience under them has been so good, and we have had such a low loss record, that the Export-Import Bank has become more conservative than I would have recommended that it become. I would have felt that occasionally we should have taken some long risks on the loans, in order to help people develop their country, and in order to go along with them in their endeavors to help them pull themselves up by their bootstraps, so to speak.

The experience we have had under the Export-Import Bank would indicate that we should do more of that type of thing. It costs so much less in the long run to get our money back.

That is what appeals to the junior Senator from Louisiana, in terms of development expenditures in other countries. If we pick a project wisely, it will pay off, whether it be a railroad in Turkey or a steel mill in India. The people of such countries will make money by the use of modern tools imported from the United States. If we make grants in some instances, but in most instances insist on loans at low interest rates, with long periods for repayment, the people who receive them will prosper, and out of their profits they will be able to repay us.

I wonder whether that appeals to the Senator from Minnesota, and whether he believes we ought to begin to enter upon a policy of lending money to the people of other countries on long terms; and if they cannot meet their payments on time, give them a moratorium, perhaps, and even let the interest payments lapse for a while, if necessary, until they are again able to pay us.

Mr. HUMPHREY. I believe that emphasis is appropriate, and it is becoming the considered judgment of Congress that more and more emphasis should be placed upon loans. Some of our colleagues sometimes say that a country occasionally defaults on a loan. So what? In the main, we are still better off than under grants. Most of the countries are desirous of having loans made to them, particularly if they can get long-term loans at reasonable rates of interest, and can know that the loans will not be foreclosed on a technicality.

I believe we ought to emphasize that point, and that we should impress it upon the representatives of the State Department and of the International Cooperation Administration. We should make plain to them that we want the loan program emphasized.

We do stress that point in the bill and in the report. For example, of the \$200 million Presidential fund for Asian development, at least 50 percent must be in loans.

I should like to read from page 22 of the committee report:

The bill repeals the requirement in the Mutual Security Act of 1954 that 30 percent of development assistance funds be available only for furnishing assistance on a loan basis.

In fact, something more than 30 percent of these funds were used on a loan basis in the current fiscal year, and it is expected that an even greater percentage will be so used in fiscal 1956. The committee was impressed, however, with the argument that a percentage figure written into the law militates against the placement of a greater percentage of loans. Experience under the 1954 act shows that some recipient countries want to limit their borrowing to 30 percent, whereas if that figure were not in the law, they would be more readily agreeable to a higher percentage.

We removed that percentage figure, and the committee report more or less lays down the general admonition to the administration: "Emphasize loans more and more." When loans are made the banking facilities of the Export-Import Bank are utilized. That is the technical facility. I think we ought to emphasize ever more and more the loan aspect of the program.

I read an item on the ticker to the effect that the Senator from Michigan [Mr. POTTER] spoke quite vigorously on the importance of emphasizing long-term international loans. I commend the Senator, and say that the more we impress this fact upon our responsible officials, and the more we let countries around the world know we want to help them, but that we would like to help them on businesslike terms, the better off we will be.

Mr. DOUGLAS. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Minnesota yield to the Senator from Illinois?

Mr. HUMPHREY. I yield.

Mr. DOUGLAS. Now that we are on the subject of loans, even though this may be a slight departure from the subject matter of the bill, I should like to ask the Senator whether he has given any attention to the loan which the Export-Import Bank recently announced it was going to make to Mr. Peron's government in Argentina. I believe it is a loan of \$150 million.

Mr. HUMPHREY. I regret to say that I have not.

Mr. DOUGLAS. The Peron government, as I understand, received a loan from us in 1950. The result was that the Government of Argentina became immediately more hostile to the United States. The whole record of the Peron government has been one of hostility to the United States ever since it came into existence.

I hold no brief for the American & Foreign Power Co., but it has had its property confiscated by the Argentine Government without payment for it, if my information is correct.

I believe that the Otis Elevator Co. and the Swift Co. have suffered severe disabilities at the hands of the Argentine Government.

In times past I have always opposed military intervention by our Government to protect American investors. I did that in the case of Nicaragua in the 1920's and I think I had some influence in getting my fellow marines out of Haiti. I do not believe in military intervention to protect American investors. I believe when American capital goes abroad it must necessarily take risks. However, I do not believe there is any obligation upon us to give money to nations which adopt policies hostile to America and unjust to American business. I believe the least we can do is not to make loans to such governments.

I have asked the State Department for an explanation on this point, and their reply is that recently there has been a change in the policy of the Peron government and that that government is now more friendly to the United States.

I would trust the friendship of Peron just as much as I would trust the friendship of an extremely unreliable man. I believe the Export-Import Bank were simpletons to make the loan to his government. I hope the Senator from Minnesota will give the matter attention and from the vantage point of the Committee on Foreign Relations turn the heat on the Export-Import Bank.

Mr. HUMPHREY. I thank the Senator for his graphic description of what has transpired. I may say it is very persuasive. I do not feel that one of the qualifications for getting a loan is to see how offensive one can be to the American people and the American Nation. It appears to me that good manners and reasonable attitudes are minimum essentials, and notice should be taken of it if the government seeking the loan engages in confiscation. I think a country which has spent so much time as we have talking about the evils of socialism ought to see to it that our lending agencies are not engaged in fortifying governments that move periodically to confiscate something that may be in their way.

Mr. DOUGLAS. I am not defending the corporation to which I referred. I think they had to take their chances when they went to Argentina, and I am not advocating that we militarily intervene, but I do say we should not lick the boots of those who confiscate our property.

Mr. HUMPHREY. I think the Senator has placed a very valid qualification upon the foreign-aid program and the loan program. I am sure I should like to pursue with the Senator the inquiry which he is making at the State Department with reference to the Export-Import Bank. The Senator will be interested to know that there is no money in the bill for Argentina.

Mr. DOUGLAS. I understand that. I realize that my question was somewhat apart from the bill, but it was germane to the issue of loans.

Mr. HUMPHREY. Mr. President, I had concluded the analysis of the bill



as it relates to the geographic areas, and I wish now to sign off with the mention of the international aspects, under the United Nations.

The United Nations programs mean a great deal to our country. I think it should be clearly understood that the foreign policy of our Nation is based upon active participation in the United Nations. Within a few days we shall be celebrating the 10th anniversary of the signing of the United Nations Charter.

The Mutual Security Act authorizes \$222,500,000 for certain international activities on a nonregional basis.

There is United Nations technical assistance in the amount of \$24 million.

United States bilateral technical assistance, interregional expenses, \$9 million.

Intergovernmental Committee for European Migration, \$12,500,000.

United Nations Refugee Fund, \$1,400,000.

Escapee program, \$6 million.

United Nations Children's Fund, \$14,500,000.

NATO civilian expenses, \$3,700,000.

Ocean freight for shipment of American relief goods and surplus agricultural commodities, \$15 million.

Battle Act administration, \$1,200,000.

Mutual Security Act administration, other than Defense Department, \$35,200,000.

The President's special contingency fund, \$100 million.

Those items amount to an aggregate total of \$222,500,000.

Those are the other items which lead to the overall figure for the authorization under this bill of \$3,408 million for the Mutual Security Act programs for the fiscal year 1956.

Mr. President, I commented a moment ago on the item of \$24 million for United Nations technical assistance. It should be clear that this sum is for an 18-month period. We are trying to get the program on a calendar-year basis rather than on a fiscal-year basis. The United Nations works on a calendar-year basis, and we find ourselves sort of a sore thumb, so to speak; we stand out on our own and make it rather difficult for the United Nations program of technical assistance to be charted and planned properly when the United Nations is uncertain as to our contributions. This will mean that for calendar year 1956 a contribution of \$15,500,000 is authorized, and for the last six months of this calendar year, \$8,500,000.

Mr. President, I strongly support the United Nations technical assistance program. I think it is doing great work. In fact, Mr. President, the statement of the Deputy Assistant Secretary of State for International Organization Affairs, in his testimony before the committee, was most revealing, and, I may say, rather exciting, as to the accomplishments under technical assistance. The United Nations program for technical assistance accomplishments are listed in

several pages of testimony. I shall not burden the RECORD with all of it, but I point out the accomplishments, country by country, such as Ethiopia, Iraq, Pakistan, and, of course, the Far East in general, countries such as India and Japan.

In the Latin America areas we include Haiti, Colombia, and Bolivia. In the Near East, Israel.

I again refer to the report of the Senator from Illinois [Mr. DOUGLAS] in his compilation of the programs of United Nations Technical Assistance. Let us make it clear that the United Nations Technical Assistance program is separate and distinct from our own bilateral program.

Mr. President, I ask unanimous consent that a portion of the comments in the executive branch presentation book concerning interregional expenditures under bilateral technical assistance be printed at this point in the RECORD.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

NONREGIONAL—UNITED STATES BILATERAL TECHNICAL ASSISTANCE, INTERREGIONAL EXPENSES, \$9 MILLION

The projects are of two general types. First, are activities required to implement continuing training programs such as the provision of orientation and language training for participants; contracts with land-grant colleges, universities, and professional societies to provide training to FOA participants; and preparation of visual aids, technical literature, and technical exhibits.

Second, are projects of a developmental nature and of a less routine character such as training of foreign nationals in the peaceful uses of atomic energy; contracts with American universities to train foreign nationals in the processes and techniques of national economic development; and preparation of manuals and other materials on the processes of industrial development of a country.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the portion of the report dealing with migrants, refugees, and escapees, be made a part of the RECORD, along with the explanation of the United Nations Children's Fund.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

26. MIGRANTS, REFUGEES, AND ESCAPEES  
(SEC. 8 (d))

Three separate programs deal with the problems of migrants, refugees, and escapees. The Intergovernmental Committee for European Migration (ICEM), composed of 24 nations, concerns itself with the movement of persons from Europe to ease population pressures. Included among these persons are refugees and escapees.

The United Nations Refugee Fund (UNREF) is set up on a temporary basis under the terms of a U. N. General Assembly resolution to deal with the relatively small residue of World War II refugees who were previously the concern of the United Nations Relief and Rehabilitation Administration (UNRRA) and later of the International Refugee Organization (IRO).

Persons who have escaped from Communist-controlled areas during the years since

World War II are dealt with by the United States escapee program.

All three programs provide for the temporary care and permanent settlement of certain groups of people. The committee was concerned with the possibility of duplication and overlapping, and considered the feasibility of combining all or some of these programs. Such a move appears impractical at this time in view of the different numbers of nations participating in the various programs, and in view also of the different problems the programs are designed to meet. Nevertheless, the committee hopes that the executive branch will continue to explore ways of simplifying administration, and in the meantime exercise the utmost vigilance to assure well-coordinated efforts.

Intergovernmental Committee on European Migration (ICEM) (sec. 8 (d) (2))

The bill authorizes appropriation of \$12,500,000 for contributions to ICEM, compared to \$11,189,190 authorized and \$10 million appropriated in fiscal 1955.

The task of ICEM is to assist the movement of persons from overpopulated countries in Europe such as Italy, Austria, the Netherlands, Germany, and Greece to countries willing to receive them, principally Argentina, Australia, Canada, Brazil, and the United States. During the span of ICEM operations, the number of migrants moved annually has increased from 77,600 in 1952 to an estimated 142,000 in 1955 and 174,400 in 1956.

ICEM operations are financed by contributions of its 24 members, made on 2 different bases. Administrative expenses are fixed on a percentage scale by which the United States pays 31.32 percent of the administrative budget. Operational expenses are financed by voluntary contributions which include reimbursements by governments receiving migrants. ICEM's budget for calendar 1956 is \$54,736,618, of which \$2,545,507 is for administration and \$52,191,111 for operations. The contemplated United States contribution of \$12,500,000 is less than one-fourth of the total budget and is broken down into \$790,989 for administration and \$11,709,011 for the operations.

United Nations refugee fund (sec. 8 (d) (3))

The bill authorizes appropriation of \$1,400,000 for contribution to the United Nations Refugee Fund (UNREF), compared to \$500,000 authorized but not appropriated for fiscal year 1955.

UNREF is the latest of temporary agencies set up to deal with the problem of the post-World War II refugees. These now number only about 300,000, but they include so-called difficult cases—persons who for reason of health or age must be permanently institutionalized. Most of them are in Austria, Germany, Greece, and Italy—all areas which are already overpopulated and which have found it beyond their resources to maintain and assimilate these refugees without external assistance.

The proposed United States contribution will be about one-third of the \$4,200,000 UNREF budget for calendar year 1955. The committee endorses the administration's stated intention to limit payment of the United States contribution to approximately that percentage of total government contributions paid into the central account of UNREF.

The table below shows that by far the greatest proportion of the 1955 UNREF budget will be devoted to seeking permanent solutions to the refugee problem.



## United Nations Refugee Fund—Proposed program for calendar year 1955

Country	Total estimates	Permanent solutions	Emergency assistance	
			Placement difficult cases	Supplementary assistance
Austria.....	\$1,699,000	\$1,440,000	\$259,000	-----
Germany.....	420,000	420,000	-----	-----
Greece.....	820,000	700,000	95,000	\$25,000
Italy.....	399,000	280,000	98,000	21,000
Turkey.....	31,000	-----	22,000	9,000
China.....	391,000	-----	90,000	301,000
Iran.....	21,000	-----	9,000	12,000
Egypt.....	25,000	-----	15,000	10,000
Middle East.....	24,000	-----	6,000	18,000
Undistributed (contingency).....	10,000	-----	-----	10,000
Subtotal, integration projects.....	-----	2,840,000	-----	-----
Emigration activities.....	250,000	250,000	-----	-----
Administrative costs.....	110,000	110,000	-----	-----
Total.....	4,200,000	3,200,000	594,000	406,000

UNREF was established by the U. N. General Assembly in 1954 for a 4-year period. Any refugees remaining at the end of that time, for which an estimated \$16 million program has been drawn up, will become the sole responsibility of the country of residence.

The committee feels that United States support of UNREF involves the important principle of the right of asylum. The United States is relatively remote from the turbulent areas which have produced refugees, and it has a responsibility to help the free nations which were geographically accessible to absorb this flow without economic dislocation. The committee wants to stress, on the other hand, that this humanitarian effort does not in any way relieve the nations in which the refugees reside of the final and ultimate responsibility for finding a solution to this problem.

*Escapees (sec. 8 (d) (4))*

The bill authorizes \$6 million in appropriations for the continuation of the escapee program, which was begun in 1952 under the so-called Kersten amendment. This amendment, which is now contained in sec-

tion 401 of the Mutual Security Act of 1954, permits the President to use up to \$100 million of funds appropriated under the act for—

"Any selected persons who are residing in or escapees from the Soviet Union, Poland, Czechoslovakia, Hungary, Rumania, Bulgaria, Albania, Lithuania, Latvia, and Estonia or the Communist-dominated or Communist-occupied areas of Germany and Austria, or any Communist-dominated or Communist-occupied areas of Asia and any other countries absorbed by the Soviet Union."

In the past, the escapee program was financed from military assistance funds under authority of section 401. This year, inasmuch as the escapee program is not an "unforeseen contingency" of the type for which section 401 was provided, a separate appropriation has been authorized.

The escapee program is declining gradually but steadily. It amounted to \$7.2 million in fiscal 1954 and \$6.3 million in 1955, compared to \$6 million proposed in 1956.

The reduced activities reflect a lightening of the caseload, as illustrated by the table below.

*Caseload projection*

	On hand Dec. 31, 1954	Additions to caseload	Reductions in caseload	On hand Dec. 31, 1955	Additions to caseload	Reductions in caseload	On hand Dec. 31, 1956
Office of Field Coordination.....	4,374	+776	-1,992	3,158	+100	-1,853	1,405
Austria.....	6,097	+4,149	-5,520	4,726	+2,220	-5,280	1,666
Germany.....	5,889	+2,836	-3,999	4,726	+382	-2,218	2,890
Greece.....	4,675	+469	-1,716	3,428	+271	-1,640	2,059
Italy.....	3,124	+870	-1,806	2,188	+336	-1,350	1,174
Trieste.....	2,981	+1,117	-3,229	869	+1,085	-1,767	187
Turkey.....	265	+60	-262	63	+72	-96	39
Iran.....	661	+28	-174	515	0	-255	260
Middle East.....	257	+15	-95	177	0	-107	70
Total <sup>1</sup> .....	28,323	+10,320	-18,793	19,850	+4,466	-14,566	9,750

<sup>1</sup> In addition, it is estimated that 17,000 refugees in the Far East will receive assistance in 1956.

It will be noted that the rate of resettlement outstrips the rate of new escapees, and that a gross reduction of 14,566 will be made in the caseload during calendar 1956.

27. UNITED NATIONS CHILDREN'S FUND  
(SEC. 8 (E))

This bill authorizes appropriations in fiscal 1956 of \$14.5 million for United States contributions to the United Nations Children's Fund (UNICEF). Of this amount, \$4.8 million is to complete payment of United States contributions for calendar 1955, bringing the total United States contribution for that year to \$9 million. The remainder of the authorization (\$9.7 million) is for the entire calendar year 1956.

Because of the discrepancy between United States and United Nations fiscal years, the United States has been making its contributions late in the U. N. year, and it is the

purpose of this 18-month authorization to put United States payments on a more current basis. The Senate has consistently supported UNICEF's work, and this work can be carried out more efficiently if contributions are known sufficiently far in advance to permit adequate planning.

Total United States contributions to UNICEF have amounted to \$9.8 million in calendar 1953 and \$8.3 million in 1954, with \$9 million proposed for calendar 1955 and \$9.7 million for calendar 1956. At the same time, the percentage of United States contributions to the central fund has decreased from 71 percent in 1952 to 61 percent in 1954, with 60 percent proposed in 1955 and 57.4 percent in 1956.

Established as an emergency program for children in war-devastated areas, UNICEF has now shifted the emphasis in its activities to long-range child welfare operations in un-

derdeveloped countries. Whereas 76 percent of its efforts were concentrated in Europe in the period 1947-50, the European program amounted to only 7 percent of the total in 1954. Conversely, assistance in Africa increased from 0.4 percent to 1 percent in the same period. Comparable figures for Asia are 10 percent and 47 percent and for Latin America 3 percent and 22 percent.

The committee takes this opportunity to endorse again the work of UNICEF and to recommend that the Senate authorize the full amount requested.

Mr. HUMPHREY. Mr. President, I wish to emphasize in particular the United Nations children's fund. I think it has done great good. I was particularly pleased to see that our committee authorized the full amount the administration requested. The program has endeared itself to the hearts of millions of Americans because of the fine activities which have been conducted under its auspices.

The matter of refugees and escapees is one of the most perplexing problems before us, and we again authorize funds for those programs in the sums which I mentioned earlier.

Mr. President, I conclude my remarks today by an appeal to support the bill. I do not say that the action of the committee is the final one. I suppose there will be those who can make a strong case for further increases or for further decreases. But, whatever we do, let us keep one thing in mind: We have entered upon a great, long-range program of trying to build peace, security, and freedom for ourselves and for other nations of the world.

I think that what is authorized by the pending bill is as much a part of the defense of America as is any air force we can put in the skies, or any army or navy which we can create. These programs are all inter-related and interdependent—they involve everything from the prosperity and the productivity of our own economic system to the well being and increased productivity of countries thousands of miles away.

It is with this thought in mind, and in this spirit, that I support the plea made yesterday by the chairman of the committee, the distinguished senior Senator from Georgia [Mr. GEORGE], the President pro tempore of the Senate, who is now presiding, that the United States back up its international efforts with a continuation of mutual security.

I recall that the Senator from Georgia said this was no time to let down, that this was the time to stand our ground, and continue to build strength.

Whatever doubts I may have had with respect to any area, I have reconciled in support of what I believe to be in the best interests of our country—the continued building of strength in the areas of freedom and the backing up of our negotiators and leaders as they go to the conferences, without any indication at all that there is a lack of will or a lack of determination on the part of the American Nation or the American people.

Mr. President, I hope the Senate will pass the bill which is now under consideration.



# FREE IMPORTATION OF GIFTS FROM MEMBERS OF THE ARMED SERVICES

During the delivery of Mr. HUMPHREY'S speech;

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 390, H. R. 5559.

The PRESIDING OFFICER. The clerk will state the bill by title.

The CHIEF CLERK. A bill (H. R. 5559) to make permanent the existing privilege of free importation of gifts from members of the Armed Forces of the United States on duty abroad.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas.

The motion was agreed to; and the Senate proceeded to consider the bill (H. R. 5559) which had been reported from the Committee on Finance, with amendments, on page 1, at the beginning of line 7, to strike out "repealed" and insert "amend by striking out 'July 1, 1955' and inserting in lieu thereof 'July 1, 1957'"; and after line 8, to insert:

SEC. 2. (a) Paragraph 412 of the Tariff Act of 1930 is hereby amended by inserting before "wood flour" the following: "hardboard, whether or not provided for elsewhere in this act, and whether or not cut, stamped, or shaped for boxes or other articles, 33 1/3 percent ad valorem";

(b) For the purposes of section 350 of the Tariff Act of 1930, as amended, the rate of duty existing on January 1, 1945, for hardboard provided for in paragraph 412 of such act, as amended by subsection (a) of this section, shall be deemed to have been 33 1/3 percent ad valorem: *Provided, however*, That so long as any foreign trade agreement that shall have heretofore been entered into pursuant to section 350 of the Tariff Act of 1930, as amended, and any amendments thereto, that is applicable "to manufacturers of wood or bark, or of which wood or bark is the component material of chief value, not specially provided for" in paragraph 412 of the Tariff Act of 1930 that are not specifically described in said foreign trade agreement, shall remain in force and effect, the rate of duty for hardboard provided for in paragraph 412 of such act, as amended by subsection (a) of this section, shall be 16 2/3 percent ad valorem, with like effect as though that rate had been included in said foreign trade agreement, excepting that said rate shall be subject to being increased or decreased hereafter by foreign trade agreements entered into pursuant to amendments to said section 350 of the Tariff Act of 1930, as amended, or other statutes that shall authorize the President to proclaim modifications of existing duties and other import restrictions, or additional import restrictions, or the continuance for minimum periods of existing customs or excise treatment of any article. Such hardboard, when the product of any nation or area designated by the President pursuant to section 5 of the Trade Agreements Extension Act of 1951, shall be subject to a duty of 33 1/3 percent ad valorem.

(c) The amendment made by this section shall be effective with respect to hardboard, whether or not provided for elsewhere in the Tariff Act of 1930, as amended, and whether or not cut, stamped, or shaped for boxes or other articles, entered or withdrawn from warehouse, for consumption on and after the 30th day following the date of enactment of this act.

Mr. JOHNSON of Texas. Mr. President, yesterday the Senate was prepared

to consider this measure, which had been cleared by the distinguished minority leader. The bill was reported unanimously by the Committee on Finance; but at the request of the distinguished senior Senator from Pennsylvania [Mr. MARTIN] consideration of the bill was postponed until today. I have now been notified that it is agreeable to him that the bill be considered.

The bill is most urgent, and the distinguished chairman of the Committee on Finance [Mr. BYRD] wishes to make a brief explanation of it.

Mr. BYRD. Mr. President, H. R. 5559, as passed by the House, extended for 2 years the time to accord free entry into the United States of bona fide gifts from members of the Armed Forces of the United States on duty abroad. It has been customary to make this extension on the basis of a 2-year period.

In addition, the Committee on Finance adopted unanimously an amendment classifying hardboard imported into the United States. It is presently classified for tariff purposes under paragraphs 1402 and 1413 of the Tariff Act of 1930. When the 1930 act was passed, hardboard was a relatively unknown product. When first developed, it had some of the qualities of paperboard and was administratively classified as a paper product. However, later developments resulted in the production of hardboard, which not only had the principal properties of wood, but was also a counterpart of wood in general usage.

Hardboard is composed of lumber scrap and waste which would otherwise be destroyed and lost as a beneficial product.

The same classification was adopted by the House a year ago. The bill then came to the Senate. The distinguished Senator from Colorado [Mr. MILLIKIN], the chairman of the committee at that time, moved to refer the matter to the Tariff Commission. Two of the three members of the Tariff Commission agreed to the reclassification as being proper, because of the fact that hardboard is unrelated to paperboard and is not a paper product. So the Committee on Finance adopted an amendment to the bill, making this classification.

The PRESIDING OFFICER. The question is on agreeing to the committee amendments.

The amendments were agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. GEORGE. Mr. President, I do not rise to urge any further amendment to the bill. There may have been made some trade treaties which bound the United States not to make reclassifications which would result in an increased tariff. Perhaps that matter has been taken into consideration by the State Department. But none of the agreements which bind us not to take from the free list any article on the free list, or to reclassify so as to result in higher duties, can mean, properly interpreted, that we will not make a reasonably sound, fair, equitable classification of an article which has been misclassified, or the failure to classify, which has resulted in its being put into another bracket.

That is this case, in my opinion. It is not for the purpose of embarrassing a State, or for the purpose of challenging any of the reciprocal agreements entered into by our Government with other countries under the Trade Agreements Act, that this amendment is offered.

When this particular product was first used or first made, the Tariff Act of 1930 did not classify it or attempt to classify it; but there is, of course, in all tariff-making, a basket provision into which all other like products are put. After this product was made and after it got into use, it was classified as a paper product. That was an erroneous classification. The true classification always should have been as a wood product, because it is wood, and nothing but wood, and the board is made without the use of chemicals or any outside assistance. It results from the mere pressure of a wood product itself into the board form.

Therefore, I have no doubt that anyone who thinks that the passage of the bill might constitute an infringement of any of our reciprocal trade agreements stands upon perfectly firm ground when he says this is not a reclassification for the purpose of affecting a duty rate; it is simply the making now of a correct classification of a product which was not in existence at the time when the tariff law itself was enacted.

I therefore hope that the bill as amended, will pass.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be offered, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

The title was amended, so as to read: "An act to extend for a period of 2 years the existing privilege of free importation of gifts from members of the Armed Forces of the United States on duty abroad, and for other purposes."

Mr. JOHNSON of Texas. Mr. President, I move to reconsider the vote by which the bill (H. R. 5559) was passed.

Mr. KNOWLAND. Mr. President, I move to lay that motion on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from California to lay on the table the motion of the Senator from Texas.

The motion to lay on the table was agreed to.

## NINETY-PERCENT PRICE SUPPORTS ON FARM PRODUCTS

Mr. YOUNG. Mr. President, on May 27 the Secretary of Agriculture, Ezra Taft Benson, delivered a speech at Hutchinson, Kans. The occasion was the Kansas Wheatfield Day.

The Secretary's speech contained the usual condemnation of 90-percent price supports. He also took a crack at the proposed two-price, or certificate, plan for supporting wheat prices. He went out of his way to make unfavorable men-



tion of Representative CLIFFORD HOPE and other Republican Congressmen from Kansas who recently voted to reinstate 90-percent supports.

Aside from these points, the speech was one of his better ones. Secretary Benson devoted considerable attention to the need for providing better price support differentials for good milling wheat.

One of the chief causes of our large surplus of wheat today is that the Federal Government is providing high support levels for very poor quality wheat—sometimes even higher than for the best wheat produced in America.

Such a policy, if continued, would destroy any price-support program for wheat, whether it was based on 90 percent supports or flexible supports. The Secretary of Agriculture has authority to correct this situation, and I hope he will.

Mr. President, the speech, which, as I have said before, was one of the Secretary's better ones, was marred by an unfortunate reference to one of the top agricultural leaders of this Nation and a great Republican—Representative CLIFFORD HOPE, of Kansas.

In referring to past endorsements of the idea of flexible supports, the Secretary of Agriculture had this to say:

Representative CLIFFORD HOPE, of Kansas, then chairman of the House Agriculture Committee, teamed with Senator GEORGE AIKEN, of Vermont, the chairman of the Senate Agriculture Committee, in drafting and pushing to enactment the Agricultural Act of 1948. The very heart of the Hope-Aiken law was the provision for flexible price supports ranging between 60 and 90 percent of parity for the basic commodities, with a minimum level of 72 percent when acreage allotments or marketing quotas were in effect.

Nothing could be further from the truth. Representative HOPE had nothing to do with the writing or promoting of the Aiken flexible price-support law of 1948.

The statement by the Secretary simply is not based on facts. The implication is left that during the session of Congress in 1948 the House Agriculture Committee, under the leadership of its chairman, Representative CLIFFORD HOPE, secured passage by the House of Representatives of a 1-year extension of 90-percent price supports.

In the same year the Senate Agriculture Committee, under the leadership of the senior Senator from Vermont [Mr. AIKEN], worked out and secured approval by the Senate of a flexible price-support program ranging from 60 to 90 percent of parity.

These conflicting price-support viewpoints of the two Houses of Congress went to conference during the closing days of the 80th Congress. I was one of the Senate conferees, so I think I know something about the history of this legislation.

For the better part of 2 days and 2 nights the House conferees, led by Representative HOPE, refused to accept any part of the flexible price-support program approved by the Senate. Finally, at about 2 o'clock in the morning of the last day of the session—which was the first day of the Republican Convention

in Philadelphia—the conferees reached agreement.

The agreement provided for a 1-year extension of 90-percent supports, and permitted the Aiken flexible price-support program to go into effect the following year.

Mr. President, I recall very well the many heated arguments which the House-Senate conferees had on the proposed price-support legislation. Representative HOPE and all of his conferees were very much opposed to the flexible price-support provision of the Senate bill.

The only possible way in which the House could get a majority of their conferees to accept the Senate bill with the flexible price-support provision was for one of their Members to resign as a conferee. The late Representative Murray, of Wisconsin, resigned, and a new conferee was appointed. Thus, early in the morning of the last day of the session, the Aiken-Hope Act was approved by the House-Senate conferees and by Congress.

This is the record with respect to the adoption of the Aiken flexible price-support program by Congress. On many occasions Secretary Benson has expressed a lack of understanding and knowledge of the facts with respect to agricultural programs.

Representative CLIFFORD HOPE became a Member of the House of Representatives in 1927. He has been a member of the House Committee on Agriculture ever since. Through his sympathetic and keen understanding of farm problems and his devotion to duty, he soon became recognized as one of the great agricultural leaders of this Nation.

He is an honest and sincere person, one who has always been tolerant of the views of others.

For 20 years or more, Representative HOPE has spearheaded the Republican drive for farm votes in every presidential election. He has been a top adviser to many Republican candidates for President. He took part in the last presidential campaign, that of 1952. It has been largely through his efforts that most of the Midwest and Plains States have so often been in the Republican column.

My guess is that the farmers of Kansas will reelect him to Congress so long as he desires to serve in that body. The people of Kansas are to be congratulated for the great contribution they have made to all the agricultural interests of the Nation by sending CLIFFORD HOPE to Congress.

Mr. President, I am quite familiar with the history of the enactment of the Aiken flexible price-support law. I had some part in writing it. I supported it.

When the measure went to conference with the House, 4 of the 7 Senate conferees were determined that if there were to be any agricultural legislation during the session of 1948, the Aiken flexible price-support provision would be a part of it.

I was 1 of the 4 Senate conferees who refused to agree to any conference report which did not contain the flexible

price-support program approved by the Senate.

That was my position, right or wrong. I may have made a grave mistake, but I did so in all sincerity of purpose.

I maintained this position at that time for 2 major reasons. First, the only permanent price-support legislation on the books at that time was that providing for price supports ranging from 52 to 75 percent of parity. Thus, the Aiken Act, providing 60 to 90 percent supports, was a great improvement over the Agricultural Act of 1938.

My second major reason for supporting the Aiken Act of 1948 was that it appeared at that time that we were entering into a long period of peacetime years. We had no idea that we would soon be engaged in another war—the Korean war—with a still further inflation of prices.

We all hoped then that the prices of the things the farmers and others had to buy would return to somewhere near pre-World War II levels. The Aiken Act would have provided price supports for wheat at approximately \$1.30 to \$1.50 a bushel.

If the prices of many of the things that farmers had to buy had returned to pre-World War II levels, they would have represented a fair price to farmers. They could have gotten along very well with wheat prices ranging from \$1.30 to \$1.50 a bushel.

It soon became apparent, however, that the prices of things farmers had to buy were going to continue to rise. The cost of farm operations continued to increase, and it was for this reason that in 1949 I became a cosponsor with the distinguished Senator from Georgia [Mr. RUSSELL] on legislation which would continue 90 percent supports. That shall be my position until we find a better way of making possible decent and fair prices for basic agricultural commodities.

#### MUTUAL SECURITY ACT OF 1955

The Senate resumed the consideration of the bill (S. 2090) to amend the Mutual Security Act of 1954, and for other purposes.

Mr. WILEY. Mr. President, I have prepared some remarks in relation to the bill now being considered, the mutual security or the collective security bill. I ask unanimous consent that the statement I have prepared be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

#### STATEMENT BY SENATOR WILEY IN SUPPORT OF MUTUAL SECURITY ACT OF 1955

I wish to express my support for the Mutual Security Act of 1955. Due to other commitments, I was unable to take part in as much of the Foreign Relations Committee's consideration of the bill as I would have liked. Other members are, therefore, better able to speak on the details of the legislation. I do wish, however, to associate myself with the remarks of the able and distinguished chairman of the committee.

I have supported the mutual security program since its beginning, for two major reasons. First, it is the best way to fight communism without resort to arms—and we



hope we can carry on without resort to forceful means.

Second, it is also a good way to help ourselves and to keep our country a strong and going concern. Not only has the program enhanced our military security; it has helped the worker, the farmer, the businessman, and the manufacturer of America.

In the 10 years since the war, the mutual assistance program has cost the United States over \$40 billion. Of this, about \$12 billion was in military aid, over \$16 billion in economic and technical assistance, and the rest in various other programs, like UNRRA, winding up lend-lease, and Greek-Turkish aid. These figures are staggering. Grant foreign aid has averaged over the past 10 years about \$4 billion a year. It has been declining in recent years so that average is not truly descriptive. But it serves to illustrate my point. About \$4 billion a year has been used to buy the manifold production of the American people for use and consumption in foreign lands. The sum has bought wheat and cotton from the farmer, coal from the miner, and machines and other products from the manufacturer, much of which otherwise would not have been bought.

It has often been charged that this program is a giveaway or a do-good boondoggle. But, let us never overlook the fact that the program has been of great benefit in many ways to the people of the United States.

President Eisenhower, in his message to us, emphasized that \$3 out of every \$4 be asked for will be spent in the United States. These dollars will not even leave the United States. They will go straight into American pockets. The other dollars will go overseas and do their work for us abroad, through offshore procurement contracts which will help build a military production base in nations allied with us. But even these dollars will ultimately come back to us when they are used to purchase needed commodities here. So, every one of these dollars will help keep our factories humming, tractors and harvesters going, and our economy on a healthy expanding curve.

This may all sound selfish and cold, and I do not mean to detract from the Christian principles which also lead us to help those less fortunate than we are. Our first duty as Senators is, however, to look out for the safety and well-being of the United States, and I submit to you that this bill will do just that. We should never overlook the fact that an average of \$4 billion a year has been diffused through our economy with resulting benefits to millions of American workers, farmers, and manufacturers.

Now to look for a minute at the other side of the coin—the greater safety which we get as a result of ever stronger allies across the seas. Every passing day science shrinks the world a little more. On Armed Forces Day not long ago, a young man flew from California to New York and back to California—all during daylight hours. We rejoice over technological developments which make this possible, but there is a sinister, dangerous side to such developments. They bring the big heart of America closer also to the evil forces that seek to stop its beat.

As the world shrinks, we must look for our security beyond our borders. Formosa, Greece, the Philippines, Germany—all these once remote countries have become essential to our defense. Their military strength is part of our protection. Again, it is our national interest that requires us to continue to help them maintain and increase that strength which is so vital to us.

Our self-interest dictates that we go even further. The economic and technical assistance that is part of this bill will encourage stable governments, sound economies, and prosperous people in friendly countries. That may not sound as if such assistance will redound to our benefit immediately. But, over the long haul, we will gain ma-

terially from the achievement of these aims for two very important reasons.

In the first place, we have found that a stable, developed country is a much better customer of the United States than an underdeveloped country. Our best buyers last year were Canada, the Netherlands, and the United Kingdom. Every Canadian bought an average of \$181.97 worth of our production; every Netherlands citizen \$39.65, and every Englishman spent an average of \$13.46 on American products. In sharp contrast stand Pakistan, India, and Indonesia which purchased 42 cents, 43 cents, and 88 cents worth, respectively, for every one of their inhabitants. So, I believe that in a very important way, we are investing in our own future when we help the underdeveloped areas of the world with economic and technical assistance. We are lending a hand to future customers for our expanding economy. This is a good business proposition which every thinking American should endorse.

In the second place, we are learning to our dismay that our natural resources are not unlimited. There are many vital resources in which we are in short supply. Our access to these resources must remain secure and not be imperiled by subversion and unrest. In order to remind the Senate just how dependent we are on imports for some strategic materials, I cite these figures: We are importing now 100 percent of our natural rubber, 100 percent of industrial diamonds, 100 percent of tin, 99 percent of chromite, 95 percent of manganese, 92 percent of cobalt, 90 percent of platinum, 85 percent of both mercury and antimony, and 72 percent of our tungsten. And as we deplete our own resources our dependence on the rest of the free world will become heavier. So our interests demand that we not only make these sources of essential materials secure but that we also encourage the development of additional resources for the future. Our economic and technical assistance are working toward these ends.

Our economic and technical assistance, I believe, therefore, are hardheaded propositions based on our self-interest primarily, as they should be to justify the expenditure of the American taxpayers' money.

I have so far discussed the mutual security program from the point of view of the benefits accruing to American citizens in terms of money in their pockets, greater military safety, and greater future economic gains. I do not want to overlook the many fine humanitarian acts we are performing by this legislation. I refer to the funds for refugees, escapees, for the Palestine refugees, for ocean freight subsidies to encourage private American relief shipments, and for the United Nations International Children's Fund.

As one who has been deeply impressed and moved by the splendid work of the Children's Fund, I want to commend it to my colleagues in particular. There is nothing more heart rending and pathetic than a hungry and sick child. We are fortunate not to have many in the United States and to be able to take care of those we have. The Children's Fund by stretching its inadequate means is attempting to minister to the needs of children in many parts of the world. It is a tribute to the fund that it has done so much with so little. Last year more than 28 million children benefited from its activities through vaccination against tuberculosis, through protection from malaria and other insect-borne diseases, through treatment for yaws, through food supplements, and through the maternal and child health centers in rural areas assisted by the fund.

The \$14,500,000 approved by the committee as our 18-month contribution beginning July 1, 1955, is only .004 percent (four-one thousandth of 1 percent) of the total aid funds provided in this bill. Four-tenths of

every penny spent from this year's funds will go to a hungry or sick child. The significance of the Children's Fund work certainly cannot be measured in terms of the dollars we contribute. We could hardly do less.

The amount for children's welfare work is larger this year because it covers an 18-month period in an effort to provide for the full calendar year of 1956, as well as the remainder of 1955. Those of us who have had the honor of serving as United States delegates to the United Nations General Assembly know what uncertainty our fiscal year operations have created in some of the U. N.'s calendar-year activities. These programs have had to be planned without any definite notion of what the United States would put up. Since we are the largest contributor to the special programs of the U. N., like the Children's Fund and Technical Cooperation, a pail of indecision hampers these programs until our contribution becomes known, usually long after the planning state is finished and the U. N. fiscal year begun. Authorizing and appropriating for our Children's Fund contribution for the calendar year ahead will help to make its operations more effective and stable. More money will go to the children instead of to the re-vamping of plans. I cannot, therefore, urge too strongly that the full 18-month amount of \$14,500,000 be authorized and appropriated.

In closing, I should like to say a few words about the world situation at the present time. The free world's relations with the Soviet Union are in a state of flux. The Communists seem to be dangling olive branches in all directions—a peace treaty for Austria, new disarmament proposals before the U. N., talks about a cease-fire in the Formosa Straits, unification for West Germany, and a Big Four meeting. Most thoughtful observers agree that this represents a change of tactics and not of heart on the part of the Communist world. The Soviet Union and China are buying time. They hope to lull us into a false sense of security which will lead us to relax the efforts and sacrifices required of us for the long haul. So long as there is no freedom behind the Iron Curtain, so long as the peoples there cannot decide their own destiny, we cannot be sure that the Soviet Union will not dangle guns instead of olive branches in front of us tomorrow. It is incumbent upon us to remain steadfast in our purpose to reinforce the free world militarily, politically, and economically.

If, as we all fervently pray, there is to be a breathing spell in the cold and hot wars, let us use that time wisely. Any faltering on our part now would be taken as a sure sign in the world's capitals that our foreign policy is determined by the attitude of the Soviet Union—that our concern and preparations for the future depend on whether Moscow is blowing hot or cold. I beseech my colleagues, Mr. President, to bear this in mind as they cast their votes on this bill.

One last word. The distinguished chairman of the committee referred to the importance of united Senate action on this, the most vital foreign policy measure we will have before us this session, as a sign to the world that the American people are united behind their President as he moves forward in his search for peace and security in the highest councils of the world. I want to associate myself entirely with these remarks. Let us, therefore, weigh our vote carefully and give our President a firm vote of confidence to lend the strength of the American people to his words and actions in the hopeful but uncertain days ahead.

Mr. LONG. Mr. President, I send an amendment to the desk, and ask to have it printed and lie on the table.



The PRESIDENT pro tempore. The amendment will be received and printed, and will lie on the desk.

Mr. LONG. Mr. President, the amendment I have proposed would reduce the amount of foreign aid, under titles I, II, and IV, to \$2,236,000,000, or a reduction of \$1 billion in the overall authorization.

I have supported the foreign-aid program in past years, and I expect to vote for it on this occasion, but it has been my feeling that year by year we should undertake to have less and less outright grants, and that the amount of money that we give to foreign nations, both for arms and economic assistance, should be steadily reduced.

There are reasons why we should reduce the appropriation this year and authorize a lesser amount than we have in previous years. There is no war going on at the present time. World tension is somewhat less. Aid we have given foreign countries in the past presumably should have had a good effect, with the result that there should not be as great a need for economic development. Nor should there be as great a need for implements of war, in that there is not at present the attrition of an open war. Therefore, it seems to me the policy of Congress should be one of gradual reduction of foreign aid.

For those reasons I have offered the amendment which is now at the desk.

Mr. President, I cannot overlook the fact that there is already on hand an unexpended balance of \$8,728 million. It would be my proposal that this bill should provide about \$2,408 million in addition. Therefore, there would be on hand for foreign aid an unexpended amount well in excess of \$11 billion, including an unobligated sum of more than \$2,408 million. That would represent only a slight reduction from the amount appropriated last year, a reduction of only a few hundred million dollars. It would mark a trend in Congress toward reduction of foreign aid expenditures.

Mr. President, I have heard the argument that we should back the President, and I am in accord with that argument. I do not believe that a gradual reduction in foreign aid could be interpreted as not supporting the President, particularly a reduction which was in line with the trend of Congress in steadily reducing the amounts appropriated for foreign aid. I do not think such action would indicate that Congress lacked faith in the President. Quite the contrary, because there is granted in the bill the unprecedented authority and discretion to the President. This shows we have put more trust in the President than we have in any other piece of legislation, providing \$200 million to be spent by the Executive more or less without consulting the Congress, but which amount must be accounted for every 6 months to explain what was done with the money.

I expect to offer the amendment tomorrow. If the amendment is not agreed to I expect to offer an amendment making a lesser reduction. I think the Congress would be unwise in appropriating even more money this year than was appropriated last year for foreign aid.

Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The Secretary will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. MORSE. Mr. President, I am glad to take this opportunity to discuss very briefly the pending foreign-aid bill.

As the Senate knows, when the committee voted to report the bill, prior to the preparation of the report on it, I voted against the bill. I did so for three principal reasons. I am very happy to say that the report on the bill clears up my major objection. I shall vote for the bill in its final form, when we come to the final vote on it.

Mr. President, no other Member of the Senate, I believe, has a stronger record in support of foreign aid than I do; but I wish to make clear that I think our foreign-aid program must be moved more and more in the direction of a loan program to these countries, rather than a grant program. As I said in debate yesterday afternoon with the chairman of the committee, who at this moment is presiding over the Senate as its President pro tempore, I think the step forward which we take by means of this bill, as regards increasing the percentage of loans, is due primarily to the leadership of the Senator from Georgia [Mr. GEORGE].

Mr. President, when I speak of foreign aid byway of loans, I speak of it in a somewhat different way than do most of my colleagues. I wish to discuss briefly a theory of mine in the field of foreign policy for our country, one which I say most respectfully I think we shall have to come to in the years immediately ahead if we are to establish political freedom in the sections of the world which have to be won over to the side of freedom. I refer to exporting enlightened capitalism and exporting economic freedom of choice for the individual.

After all, Mr. President, political freedom cannot be separated from economic freedom. Without economic freedom, there can be no political freedom. That is why I have been heard to say before that one cannot cite a single civilization in all of history in which the people were the economic servants of the state and at the same time were the political masters of the state. The two are irreconcilable. Therefore, Mr. President, in our foreign-aid program it seems to me we must work in an increasing degree, each time we pass a foreign-aid bill, toward the goal of a loan program which really will result in investing enlightened capitalism in the backward areas of the world.

Let us consider this hypothetical of mine, which some call an ideal or a theory. Let us consider how it could be put into practice. In that connection, let us refer to India.

As I said this morning, before the Committee on Agriculture and Forestry, when I testified in support of the bill S. 1770, which my junior colleague from

Oregon [Mr. NEUBERGER], the two Senators from Washington, and I have introduced—a bill calling for a so-called two-price program for wheat—what we should be doing with a great deal of our surplus food supply is investing it in the areas of the world where stomachs are empty and where natural resources await development, so that the people themselves can build up an economy which will make them self-sustaining.

So let us refer for a moment to India. We know that from time to time India finds itself in a very critical situation because of widespread hunger, due to bad weather, which results in crop failures. I see no reason why our surplus wheat cannot be used as the "coin of the realm" in developing what we might call an investment program in such areas of the world. Indian needs powerplants; India needs river development; India needs highway development.

In my judgment, we need to change the old figure of speech, "The flag follows the dollar"—a figure of speech describing a policy which, of course, led to dollar diplomacy and economic exploitation abroad by American investors. In its place we should adopt a new figure of speech, "The dollar follows the flag." The latter is quite a different concept, because if the dollar is to follow the flag, that means the flag must get in first. How would I put the flag into these backward areas? Certainly not by military exploitation. Certainly not by military conquest. Certainly not by the use of arms. I would put the flag in first by way of economic-treaty agreements between the United States and the countries in which the fight for freedom must be won.

What I am talking about is one of the great concepts of foreign policy of the late Arthur Vandenberg. It was Arthur Vandenberg who pointed out to us many times that, after all, we must win the fight for freedom on the economic front, or we shall not win it at all. That is why I think it is so important that we recognize the need for economic treaties between the United States Government and the Governments of India, Thailand, Burma, Indonesia, South Africa—yes; every area in which the fight for freedom must be won. Such agreements would strengthen economic freedom and opportunity in backward areas of the world. Under such economic treaties American investors would be urged and invited to come in and invest their money and to help build up the economic resources of those countries. In return, the people would enjoy a higher standard of living and learn to sustain themselves. It means, of course, that if the dollar is to follow the flag, the dollar must be invested under economic treaties which provide for fair and reasonable profits, and the assurance of no exploitation. It means that the old decadent concept of economic imperialism and exploitation must be brought to an end. It means we must recognize, after all, that if we are to have political brothers around the world, if we are to have political allies around the world, we must have economic brothers and economic allies.



I am talking about an ideal. Some criticize it as only an ideal, although it is a practicality, as every ideal is. Once an ideal is put to work, it becomes a practicality. What we must do is to urge American investments, under economic treaties with foreign countries. The rest of us, as a people, would support such investments by way of a Federal insurance principle. The American investor would no longer resort to self help. He no longer would ask for American arms to come in and protect his property, which might be nationalized or confiscated.

One of the arguments made in decades gone by in justification of economic exploitation by Americans, by the British, the Dutch, the French, and other nations of western civilization, particularly in Asia and other backward areas of the world, has been that investors had to go in and make their economic killing quickly and get out, because they never knew when the foreign power would confiscate or nationalize their property.

It was the old story. It was very difficult to determine which came first, the hen or the egg, because the economic policies of exploitation were causative of nationalization and confiscation.

We must raise our sights into the future and see the importance of economic treaties, whereby investments will be made, and will be encouraged, and the entire American population will stand behind the investments economically. We would insure the investments. That represents a pretty good expenditure of a defense dollar. I cannot imagine a defense dollar which offers a greater hope of paying a dividend in terms of peace than that kind of economic investment.

Under such an economic treaty, if a country violates the terms of the treaty, and the treaty sets out the terms and conditions under which American investments will be made, what do we do? Do we send over jet bombers? Do we threaten with hydrogen bombs? Do we send a fleet into one of the harbors of the offending country and threaten that unless they yield to our superior military strength the flag will follow the dollar? Not at all, Mr. President, because under the theory I am discussing, the dollar will have already followed the flag, the flag being symbolized by the economic treaty which has been entered into between the United States and the foreign country. Then, by the very treaty itself, there is an understanding and a commitment that we will take the alleged violating country into a juridical tribunal for a determination, by way of judicial processes, as to whether or not American rights have been violated.

Our Government becomes subrogated, so to speak, to the rights of the individual investor in that situation. It no longer is a case between the foreign government and the American investor. It is a case between the foreign government and the United States Government, because under our insurance principle we have made whole the investor. Then our Government represents the American people in the case involved in the juridical process.

Impossible, say some. Let us try it. I think we would be surprised to find in

what a different light we would be judged in India, Burma, and other parts of the world, if we demonstrated this kind of economic statesmanship.

As the Presiding Officer, the President pro tempore [Mr. GEORGE] knows, when the proposed legislation was before the committee I again raised my voice in support of the larger horizon, the higher ideal, the more objective goal. I commended the chairman and the committee for the fact that the bill goes somewhat in the direction of the theory I am defending, in that it would increase the loans and decrease the grants.

But loans are not enough, Mr. President. We must go further, in the years immediately ahead, if we are to establish political freedom in those parts of the world, by exporting a system of enlightened capitalism which will automatically take root and blossom into a higher standard of living in India and other parts of the world. Such a program will succeed if we take advantage of this kind of investment opportunity.

I know it is said that such a system cannot work. It was pointed out in the Committee on Agriculture and Forestry this morning, when I again urged the use of surplus wheat in this country as a form of investment dollars abroad in a country such as India, that the State Department is opposed to dumping surplus food in various parts of the world.

Mr. President, I am not frightened by the word "dumping." I do not care what the State Department calls it. I respectfully point out, however, that there are great potential opportunities for investing surplus wheat abroad, to meet hunger situations as they arise. It requires some statesmanship, vision, and courage. I think we ought to look forward to another year of the foreign-aid program, in which we shall carry to the next step the loan principle. The chairman of the committee has done a magnificent job in more firmly establishing it in the pending bill.

I am hoping that the American people will recognize that the economic theory I have been advancing in this phase of American foreign policy will pay off, to our self-interest. Of course it will pay off to our self-interest if it enhances the chances of peace. I have not the slightest doubt that peace will be more firmly established when economic freedom is more firmly established. Let us not forget how much we are outnumbered in the world already. Let us not forget how much more outnumbered in the world our great grandchildren and our great, great grandchildren are going to be. The American people in our generation must face the fact that we are becoming more and more a minority group in the world. With each passing century the prospects are perfectly clear, that we are to become a smaller and smaller group in terms of world population.

That is why it is so important, in my judgment, that we leave a heritage of economic freedom in parts of the world where the fight for freedom must be won. That is why it is so important, as I see the problem, that we win those people over to the side of economic and political freedom. The difficulty with so many Americans is that they talk only in terms of freedom. We seem to think that we

can sell political freedom to empty stomachs. It cannot be done.

It cannot be done, Mr. President, because we cannot separate the economic welfare of a people from their political conceptions. If we are to try to sell the superiority of our political system—and it is superior to any other political system in the world—we must carry in our sales kit economic freedom of choice. We will never do it unless we follow a foreign economic policy which really helps to develop the economic resources of other people.

I do not believe that fact can be stressed too much. However, I am frank to say what I have to say does not have direct application to the bill before us. It is the best bill we can get this year. We have taken a step toward the goal I am pleading for by increasing the percentage of loans in the bill, in contrast to out and out grants.

If these loans are wisely made, we can export some enlightened capital through them. We can help to develop great economic resources with our funds in many parts of Asia. For example, such funds can assist in the building of dams, power plants, or waterworks. In fact, employing these funds in drilling wells will, in many instances, constitute excellent investments of enlightened capitalism.

However, I wish to stress that the bill does not go far enough. We must work toward a broader program of fewer grants and more investments, and then have the investments by private enterprise backed up by the American people, with the United States taking over when these economic treaties are violated by a foreign power. Incidentally, I believe there will be few violations. I believe there will be very few indeed.

We have heard a great deal about expropriation of oil company property in Mexico. I was critical and still am critical of what the Mexican Government did in that situation. However, I do know that the expropriation of oil in Mexico would never have occurred if American, British, and Dutch oil interests had not followed an inexcusable and shocking program of oil exploitation in Mexico. Mr. President, I have traveled through the jungles of Mexico. I have seen what these oil companies did. I have seen what some American oil companies did. I have seen what remained of the narrow-gauge railways that were laid through the Mexican jungle, with which to reach deep into great oil fields. I recall the waste of precious gas by these companies. They gave no thought to the fact that such gas could have supplied years and years of benefits for the native Mexicans. They followed drilling policies that were inexcusably wasteful, and which could be best described, as the Mexicans described them, as economic rape of the country.

That has been the policy of the American, British, and the Dutch oil companies in Mexico. What happened? The people became aroused, and Mexico confiscated the oil properties.

Two wrongs never make a right, and Mexico did not make a right by the course of action she followed. In my opinion, she engaged in what I think is



an inexcusable course of conduct for a nation. There were other remedies which Mexico could have followed, instead of a confiscation program.

However, Mr. President, what I wish to point out is that in the program I am outlining this afternoon—in broad brush strokes, to be sure—were followed, we would have very few instances of confiscation and expropriation, such as Mexico engaged in. I say that because we would provide a remedy. We would have a treaty which would provide for fair profits. We would have a treaty which would assure that a much larger investment would go to a country for the benefit of the people of that country. Then, in case of an alleged violation or failure to keep an agreement, the offending party could be taken before a juridical tribunal of the United Nations for a legal determination of the respective rights of the countries involved.

Mr. President, this is not a new vision of mine. I held to this point of view in 1945. I held to the point of view when, on the floor of the Senate in 1945, I offered my resolution urging compulsory jurisdiction by the world court in any dispute with any nation in which the other nation was willing to go with us into the judicial atmosphere of that courtroom to settle our differences by the applications of rules of reason.

If Senators will check the arguments I made in support of the world court resolution—and I shall always be proud of the fact that it passed the Senate by a vote of 60 to 2 after a very interesting debate—they will find that I tried to point out then the importance of our setting up a system of international justice through law, which was being so eloquently spoken for by the great Vandenberg in those days. In that way economic issues can be settled in the world court, on the basis of free men bringing their disputes to a judicial tribunal which settles their differences by way of juridical processes.

There is no hope for peace until we come to such an era in the history of mankind. We must work toward that goal consistently. We will not reach that goal overnight, and I believe we have made strides toward that goal in the pending bill. However, there is a much longer road yet to travel.

Therefore I hope that when we come before the Senate next year with a new foreign-aid bill, we will have included in it a section which will provide for the kind of procedure I have outlined here this afternoon.

I am delighted to be able to say this to the Presiding Officer, the distinguished President pro tempore. One of the reasons for my casting a dissenting vote in committee was because I felt it gave me an educator's opportunity to point out that this is not a perfect bill. We have not gone as far as I think we must go in the interest of economic freedom abroad. However, I have accomplished my purpose, and I am proud to stand on the floor of the Senate today and join with the Presiding Officer and my other colleagues on the committee in support of a bill which I believe in part overcomes my two objections, which I shall name very briefly.

As the Presiding Officer knows, I led the fight in committee against the provision in the bill which gives to the President such sweeping powers as the bill gives him, in placing at his disposal under his discretion huge sums of money for expenditure abroad. I refer to the \$200 million Asiatic fund.

When the matter first came before the committee, and before we had our debate in committee and our final decision, there were no checks placed on the President. Now we do have some checks.

I must say quite frankly I wish the checks could be made more specific. However, what is in the bill is at least a recognition of our system of checks and balances. The distinguished Presiding Officer, the chairman of the committee, was kind enough to say that there was merit in the principle for which I was fighting, but that we were confronted with a very realistic and difficult situation in world affairs, as we find them today, and therefore the President cannot know in advance what he is going to spend \$10 million for or what he is going to spend \$20 million for, and that, therefore, very broad powers seem to be necessary. However, with the assistance of the Presiding Officer, there has been written into the report language which makes very clear that the President will have to make a report to congressional committees every 6 months, including a listing of his expenditures.

I believe that is a very salutary check. My position on this matter of checks and balances is the same no matter whether X, Y, or Z happens to be the President of the United States, and is irrespective of which political party he belongs to.

It has been my position for 10 years in the Senate that not once to my knowledge in those 10 years have I gone along with an unchecked Presidential grant. Whether the President was a Democrat or a Republican, I have stood up on the floor of the Senate time and time again and warned of the danger of giving arbitrary discretionary power to any President. I did not teach the checks-and-balance system of government for so many years only to forget all about it when I came into politics. I happen to believe that the checks-and-balance system is no political cliché in American political life.

It happens to be one of the greatest safeguards of the freedom of our individual citizens. That is why, Mr. President, I shall always raise my voice urging the maximum checks that are feasible and possible in an important situation. Thus, in this instance, as the Presiding Officer knows, I spoke out rather frankly and bluntly against giving so much unchecked spending power to the President. I am not talking about the President who now holds office. I am speaking about any President—the President of the United States.

I wish to point out that it is dangerous to give to a President of the United States the power to spend abroad hundreds of millions of dollars unless we know for what he is going to spend it, because, in my hypothetical, I think it is highly conceivable that a President who might wish to abuse his power—

and all men are frail—might follow a course of foreign policy through such expenditures as might jeopardize the peace. I will not say any more about that. But we can spend hundreds of millions of dollars and can hasten the possibility of war. But I think that in this bill checks have been written which at least call upon the President to report to the Congress and make clear the purpose for which he has spent the money.

There was a third point, Mr. President, which has disturbed me very much. It is a delicate point. I propose to handle it with dignity and with delicacy.

I do not like to go as far as we seem to find it necessary to go in our foreign-aid bill in the direction of unearmarked funds. I recognize that the whole theory of the bill is that we must set aside foreign-aid funds for different sections of the world. I should like to invite the attention of the Senate to what would happen if we followed that plan on the domestic front, in the way we appropriate funds in the foreign-aid bill. I wonder what would happen if it were proposed that Federal-aid grants should be made available to the South to the tune of \$500 million, or to the Pacific Northwest to the tune of \$250 million, or to the East in the amount of \$300 million or any other amount.

We know very well, Mr. President, that we could not get any such blanket appropriation through the Congress, and we should not. I happen to believe we are dealing with the taxpayers' money whether we are dealing with it on the domestic front or on the foreign front, and I think the American people might have a very different reaction if they knew, for example, that some of these earmarked funds were for certain purposes about which they could not possibly be informed in the terms of this bill. So I think that as rapidly as we can in future foreign-aid bills we should try to work in the direction of earmarking the funds for specific project purposes. If we are going to develop an irrigation system in Egypt, for example, we should say so. We should say in the bill that so many millions of dollars will be appropriated for that purpose.

If in Korea, for example, we propose to spend several millions of dollars for the building of dams, we should say so.

My criticism, Mr. President, is not a criticism of the committee. It is a criticism of the State Department. I think it sells us too many pigs in a poke. I think it sells us too many proposals which are drafted in the most general way, leaving to executive discretion the decision of specific expenditures. I think that is risky and dangerous. Again, Mr. President, I recognize the merits of the arguments against me on that point, that it is difficult at this time to know for what we are going to need the funds. But it does create some dissension in our country when it becomes known that funds are being used for certain purposes, such as for military purposes in Iran.

It was a year ago, about last August 3, I think, that on the floor of the Senate I discussed the problem from a slightly different angle when I raised my voice in



protest of the funds then in the bill to provide for military assistance to Iran. I think it is a mistake, the Middle East being the tinderbox it is, that any of the funds are to be used for military assistance in the Arab States or in Israel. We may as well face the fact that this is a tinder-box situation, and I think it is as important there, if not more important there than anywhere else in the world, to stress the first point I made in my speech this afternoon, namely, economic freedom, economic development, the development of the resources of that section of the world. I am just as much interested in building up the economic productive power of the Arab States as I am in building up the productive power of Israel. I take cognizance of the fact that Israel is the only area in the entire Middle East in which enlightened capitalism is the form of the economy of the nation. I take note of the fact that it is the only democratic country in the Middle East. I take note of the fact that the other countries to which we are giving aid—and some of it is military aid—are not democracies. They are not nations in which economic freedom of choice exists for the individual. But, nevertheless, Mr. President, I am as much interested in coming to the economic assistance of the people of the Arab States as I am in coming to the assistance of the people of Israel. But I wish to point out that the major part of the problem of the Middle East is to be found on the economic front. The solution is not to be found in stirring up animosities which are bound to be stirred up by giving military aid to a nation such as Iran, because I am not wooed by the argument that military aid is necessary in order to handle internal disorder on the part of dissident groups. I have a lurking suspicion that if I were a resident of Iran or any other country in which the free choice of the citizen does not exist I would probably belong to one of those dissident groups. I think that is true also of my colleagues in the Senate, because my colleagues in the Senate, even though we have political differences and although our differences are in degree as to economic theory and political theory, we are all of one mind when it comes to the relationship between economic freedom for the individual and political freedom.

So, Mr. President, as the chairman and the members of the Foreign Relations Committee know, I expressed in committee a dissenting voice over the failure to earmark in this bill the expenditures in the Middle East, because I think the American people are entitled to know the purpose of those expenditures.

As part of this third point, Mr. President, I also felt that more funds should have been made available to the South American Republics. On this point I speak as the chairman of the Subcommittee on South American Affairs of the Foreign Relations Committee. I recognize that there is a limit to the funds which can be made available, and yet it is of the greatest importance to the security of the United States that we keep freedom strong on this continent.

Freedom is very weak in certain parts of South America. In recent months we have witnessed a threat of communism

in one of the Latin American countries. I think it is in our own national self-interest that we spend more money, primarily by way of loans to the South American countries, for the development of their economic resources.

I say to the American people that I do not think there is the slightest basis in fact for the propaganda in the United States that if we build up economic freedom abroad, we lower the standard of living of Americans at home. The contrary is true.

It is now pretty generally known that there is ample expert economic testimony to the effect that if in the next 25 years we could raise the standard of living of the millions of people of India by only 5 percent, it would result in such an impetus to international trade, of which we would be the primary beneficiaries, that we would thereby enjoy prosperity in the United States, the like of which we have never enjoyed to date.

Do not forget, Mr. President, that when we invest American dollars under the economic-trade treaty theory which I am again advancing this afternoon, much of it comes home to the benefit of our own people. When it is invested in India, we do not lose dividends from it. The dividends come home. When we build up the standard of living of the people in the backward areas, where the fight for freedom has to be won, we increase prosperity at home, because international economic trade is bound to flow from a higher standard of living in India. The moment India has the wherewithal to buy in foreign trade, we shall see the result in American manufactures.

So for the reasons I have outlined this afternoon, I dragged my feet on the bill, so to speak, in the Committee on Foreign Relations. I felt I should register my protest because the bill does not go as far, idealistically, as I think it should go. It offers me the opportunity on the floor of the Senate, of which I have just availed myself, to set forth my reasons as to why I think it is necessary for the United States to move faster down the road of exporting enlightened capitalism abroad.

In closing, I think the Senate is indebted to the chairman of the committee and to my colleagues on the Committee on Foreign Relations for the highly objective attitude the committee took in preparing a bill which I think represents, unquestionably, the most favorable bill on which a majority vote can be had in the Senate.

I think some additional funds should be made available to the South American Republics; but I think most of any additional funds ought to be based strictly on a loan principle. I think the United States should be willing to lend money to the South American Republics on a long-term basis and for specific projects, projects which really will have a very clear chance of raising the economic standards of the communities in which the projects will be built.

For the reasons I have set forth, I shall continue, so long as I am a Member of the Senate, to try to work for the kind of foreign economic policy I have outlined; and when the bill comes to a vote, I shall vote for its passage.

## LEGISLATIVE PROGRAM

Mr. JOHNSON of Texas. Mr. President, pursuant to the order previously entered, the Senate will convene at 10 o'clock tomorrow morning. I have been informed that 4 or 5 amendments are at the desk. I hope that Members who read the RECORD will be prepared to be present and to vote on the amendments as they are called up. I have asked the Senate aides to notify the authors of the amendments of the order of the Senate entered today for the early hour of convening tomorrow. It is hoped that the Senate may be able to conclude consideration of the bill tomorrow.

I expect the Committee on Appropriations during the week to report the Department of Health, Education, and Welfare appropriation bill and also the independent offices appropriation bill. I am hopeful that the reports on those bills will be filed on Friday, and that the bills may be considered in the early part of next week.

The housing bill has been reported by the Committee on Banking and Currency. The report has been filed and will be made available to all Members.

In the event the Senate acts on the two appropriation bills—and, of course, appropriation bills always have priority on our schedule—it is intended to have the Senate proceed to the consideration of the housing bill.

That is the schedule at the moment. If any bills which are not controversial are reported and placed on the calendar, then, when they have been cleared by the minority leader and his ranking colleagues, and if they are acceptable to the leadership on this side of the aisle, it will be the intention to reserve the right to call them up so as to try to keep the calendar reasonably clear for other bills which will be reported.

## APPOINTMENTS TO SERVICE ACADEMIES

The PRESIDENT pro tempore. The Chair has been requested to announce the following appointments made by the Vice President:

To the Board of Visitors to the Military Academy: the Senator from Oregon [Mr. MORSE];

To the Board of Visitors to the Naval Academy: the Senator from Nevada [Mr. BIBLE]; and

To the Board of Visitors to the Merchant Marine Academy: the Senator from New Jersey [Mr. CASE].

## RECESS TO 10 A. M. TOMORROW

Mr. JOHNSON of Texas. Mr. President, if no other Senator desires recognition, then, pursuant to the order previously entered, I move that the Senate stand in recess until 10 o'clock tomorrow morning.

The motion was agreed to; and (at 5 o'clock and 57 minutes p. m.) the Senate took a recess, the recess being, under the order previously entered, until tomorrow, Thursday, June 2, 1955, at 10 o'clock a. m.







# Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

Issued June 3, 1955

For actions of June 2, 1955

84th-1st, No.92

OFFICE OF BUDGET AND FINANCE  
(For Department Staff Only)

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HIGHLIGHTS: Senate passed mutual security bill. Rep. Bailey commended FS for national forest improvements.

## SENATE

1. FOREIGN AID. Passed, 59 yeas to 18 nays, with amendments S. 2090, the mutual security bill (pp. 6421-81). Agreed to a Mundt amendment earmarking \$50 million (in addition to the amount provided in the committee bill) for exportation of surplus farm products (p. 6475), a Magnuson amendment providing that U. S. money shall be made available for marine insurance on certain commodities (pp. 6475-6), and an Ellender amendment that administration of the program should be on a cooperative basis with recipients, when able, extending assistance to underdeveloped countries (p. 6476). Rejected several amendments to reduce and restrict the authorization.
2. APPROPRIATIONS. Additional conferees were appointed on H. R. 5502, the State, Justice, and Judiciary appropriation bill, 1956 (p. 6450).  
The Appropriations subcommittee ordered reported to the full committee with amendments H. R. 5240, the independent offices appropriation bill, 1956 (p. 6498).
3. PERSONNEL. The Government Operations subcommittee ordered reported with amendments S. J. Res. 21, to establish a Commission on Government Security (p. 6498).
4. SUGAR. Sen. Carlson inserted a Garden City, Kans., Chamber of Commerce resolution urging an increase in quotas for the domestic sugar industry (pp. 6397-8).
5. EXPENDITURES; PERSONNEL. Sen. Byrd submitted an additional report of the Joint Committee on Reduction of Nonessential Federal Expenditures on Federal employment and pay for April 1955 (pp. 6398-6401).



6. ELECTRIFICATION. Sen. Magnuson inserted his statement favoring the proposed Hells Canyon Dam (pp. 6481-4).
7. ADJOURNED until Mon., June 6 (p. 6484). Legislative program: Mon., appropriation bills; Tues., the housing bill and any other bills which may be reported and are on the calendar (p. 6481).

#### HOUSE

8. FORESTS. Rep. Bailey inserted a USDA release on the monetary loss due to forest fires and commended the Forest Service for improvements reducing this loss (p. 6338).
9. FLOOD CONTROL. Passed, with amendment, H. R. 192, providing for the construction of a multipurpose dam on the Rappahannock River (pp. 6338, 6341-7).
10. LOANS. Passed, without amendment, H. R. 5715, which was subsequently laid on the table when S. 654 was amended by the inclusion of the provisions of H. R. 5715 and passed. This bill would provide for additional direct loans for the purchase of farms by veterans under the VA Readjustment Loan Act (pp. 6347-58).
11. SALT-WATER RESEARCH. Rep. Roosevelt suggested that the conferees on the saline water research bill, H. R. 2126, should give consideration to cooperation with the Atomic Energy Commission and Civil Defense Administration in the final form of the bill (p. 6345).
12. POSTAL PAY. Post Office and Civil Service Committee reported with amendment S. 2061, which would increase the basic rates of compensation for postal employees (H. Rept. 728) (p. 6360).
13. LOBBYING. Pursuant to regulations of Lobbying Act, the quarterly report of lobbyists was included (pp. 6363-96).
14. ADJOURNED until Mon., June 6 (p. 6360). Legislative program: Rep. McCormack scheduled consideration of H. R. 5376, which would amend the Rural Electrification Act of 1936, on Mon.; S. 2061, the postal pay increase bill, on Tues.; and H. R. 5923, a bill on the Inter-American Highway, on Wed. Consent and private Calendars are to be read on Tues. (p. 6338).

#### BILLS INTRODUCED

15. CIVIL DEFENSE. H. R. 6619, by Rep. Broyhill, to provide for the creation of a civil defense agency having jurisdiction of civil defense for the Metropolitan Washington area; to Armed Services Committee (p. 6361).
16. RECLAMATION. H. R. 6620, by Rep. Budge, to authorize the Secretary of the Interior to construct, operate and maintain in the Upper Snake River Valley, Idaho and Wyoming, the Narrows Federal reclamation project and a reregulating reservoir below the Palisades Dam and Reservoir; to Interior and Insular Affairs Committee (p. 6361).
17. PROPERTY; ADMINISTRATIVE SERVICES. H. R. 6624, by Rep. Dawson, Ill., to "amend the Federal Property and Administrative Services Act of 1949, as amended;" to Government Operations Committee. (p. 6361).

84TH CONGRESS  
1ST SESSION

# S. 2090

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IN THE HOUSE OF REPRESENTATIVES

JUNE 6, 1955

Referred to the Committee on Foreign Affairs

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## AN ACT

To amend the Mutual Security Act of 1954, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*  
3       That this Act may be cited as the “Mutual Security Act of  
4       1955”.

5       SEC. 2. Title I, chapter 1, of the Mutual Security Act  
6       of 1954, which relates to military assistance, is amended as  
7       follows:

8       (a) In section 103 (a), which relates to authorizations,  
9       add “(1)” after “(a)”, and add the following new para-  
10      graph:

11      “(2) In addition, there is hereby authorized to be ap-



1   appropriated to the President to carry out the purposes of this  
2   chapter not to exceed \$1,278,000,000, to remain available  
3   until expended.”

4       (b) Section 103 (c) is hereby repealed, and the follow-  
5   ing is substituted therefor:

6       “(c) When appropriations made pursuant to subsection  
7   (a) of this section are used to furnish military assistance on  
8   terms of repayment within ten years or earlier such assist-  
9   ance may be furnished, notwithstanding sections 105, 141,  
10   and 142, to nations eligible to purchase military equipment,  
11   materials, and services under section 106.”

12       (c) Amend section 105 (b) (1), which relates to  
13   conditions applicable to military assistance, to read as follows:

14       “(1) The Congress welcomes the recent progress in  
15   European cooperation and reaffirms its belief in the necessity  
16   of further efforts toward political federation, military integra-  
17   tion, and economic unification as a means of building strength,  
18   establishing security, and preserving peace in the North  
19   Atlantic area. In order to provide further encouragement to  
20   such efforts, the Congress believes it essential that this Act  
21   should be so administered as to support concrete measures to  
22   promote greater political federation, military integration, and  
23   economic unification in Europe.”

24       (d) In paragraphs (2) and (3) of section 105 (b),  
25   strike out “Near East, Africa, and South Asia” and “the

1 Far East and the Pacific” and insert “Near East and Africa”  
2 and “Asia,” respectively.

3 (e) In paragraphs (2) and (3) of section 105 (c),  
4 which relates to geographic delivery ceilings, strike out  
5 “, Africa, and South Asia” and “the Far East and the  
6 Pacific” and insert “and Africa” and “Asia”, respectively.

7 (f) In section 108, which relates to transfer of military  
8 equipment to Japan, strike out “1955” and insert “1956”.

9 SEC. 3. Title I, chapter 2, of the Mutual Security Act  
10 of 1954, which relates to southeast Asia and the western  
11 Pacific, and direct forces support, is amended by adding,  
12 after section 123, the following new section:

13 “SEC. 124. DIRECT FORCES SUPPORT.—There is hereby  
14 authorized to be appropriated to the President for the fiscal  
15 year 1956 not to exceed \$317,200,000 to provide assistance  
16 in the form of direct forces support to be delivered or ren-  
17 dered directly to the military forces of nations eligible for  
18 military assistance under chapter 1 of this title. The Presi-  
19 dent may, notwithstanding the provisions of section 501,  
20 consolidate all or any part of appropriations made pursuant  
21 to this section with appropriations made pursuant to section  
22 103. Programs authorized by this section may be adminis-  
23 tered in accordance with the provisions of chapter 1 or  
24 chapter 3 of this title.”

25 SEC. 4. Title I, chapter 3, of the Mutual Security Act of



1 1954, which relates to defense support, is amended by adding  
2 to section 131 the following new subsections:

3 “(c) There is hereby authorized to be appropriated  
4 to the President for the fiscal year 1956 to carry out the  
5 provisions of this section, not to exceed—

6 “(1) \$70,000,000 for Europe (excluding Greece  
7 and Turkey) ;

8 “(2) \$102,500,000 for the Near East (including  
9 Greece and Turkey) and Africa; and

10 “(3) \$827,800,000 for Asia.

11 “Funds made available for assistance to Korea from  
12 appropriations authorized by this section may be used in  
13 accordance with the applicable provisions of section 132 of  
14 this Act.

15 “(d) In providing assistance in the procurement of  
16 commodities in the United States, United States dollars shall  
17 be made available for marine insurance on such commodities  
18 where such insurance is placed on a competitive basis in  
19 accordance with normal trade practice prevailing prior to  
20 the outbreak of World War II: *Provided*, That in the event  
21 a participating country, by statute, decree, rule, or regula-  
22 tion, discriminates against any marine insurance company  
23 authorized to do business in any State of the United States,  
24 then commodities purchased with funds provided hereunder  
25 and destined for such country shall be insured in the United

1 States against marine risk with a company or companies  
2 authorized to do a marine insurance business in any State  
3 of the United States.”

4 SEC. 5. Title I, chapter 4, of the Mutual Security Act of  
5 1954, which relates to general provisions relating to mutual  
6 defense assistance, is amended by changing section 142,  
7 which relates to agreements, as follows: strike out the word  
8 “and” at the end of subsection (10) and change the semi-  
9 colon preceding that word to a period; change the portion  
10 of subsection (11) preceding paragraph (i) thereof to read  
11 as follows:

12 “(11) In cases where any commodity is to be fur-  
13 nished on a grant basis under chapter 2 or chapter 3 of title  
14 I or under title II of this Act under arrangements which  
15 will result in the accrual of proceeds to the recipient nation  
16 from the import or sale thereof, such assistance shall not  
17 be furnished unless the recipient nation shall have agreed  
18 to establish a special account, and—”.

19 SEC. 6. Title II of the Mutual Security Act of 1954,  
20 which relates to development assistance, is amended as  
21 follows:

22 (a) (1) In section 201 (a), which relates to authoriza-  
23 tion, strike out “South Asia” in paragraph 2 and insert  
24 “Asia”; before the period in paragraph 3 insert “and to  
25 assist in maintaining economic and political stability in the



1 area"; and in the last sentence change the comma after the  
2 word "specify" to a period and strike out the balance of  
3 the sentence.

4 (2) Add to section 201 the following new subsection:

5 " (c) There is hereby authorized to be appropriated to  
6 the President for the fiscal year 1956 not to exceed \$73,-  
7 000,000, \$71,000,000, and \$38,000,000 to furnish assistance  
8 under paragraphs (1), (2), and (3), respectively of sub-  
9 section (a) of this section."

10 (b) In section 202 which relates to administration, add  
11 at the end thereof the following new sentence: "The author-  
12 ity provided in section 307 may be exercised for purposes of  
13 furnishing assistance under section 201."

14 SEC. 7. Title III of the Mutual Security Act of 1954,  
15 which relates to technical cooperation, is amended as follows:

16 (a) In section 304, which relates to authorization, insert  
17 "(a)" before the first sentence and add the following new  
18 subsection:

19 "(b) There is hereby authorized to be appropriated to  
20 the President for the fiscal year 1956 not to exceed \$146,-  
21 500,000 for technical cooperation programs in the Near East  
22 and Africa, Asia and Latin America."

23 (b) In section 306, which relates to multilateral techni-  
24 cal cooperation:

25 (1) Insert the following before the semicolon at the end

1 of paragraph (a) : “; in addition, \$24,000,000 for the fiscal  
2 year 1956 for contributions to the United Nations Expanded  
3 Program of Technical Assistance”.

4 (2) Insert the following before the period at the end of  
5 paragraph (b) : “; in addition, \$1,500,000 for the fiscal year  
6 1956 for contributions to the technical cooperation programs  
7 of the Organization of American States”.

8 (c) In section 308, which relates to the International  
9 Development Advisory Board, insert “, or at the applicable  
10 rate prescribed in the Standardized Government Travel Reg-  
11 ulations, as amended from time to time, whichever is higher,”  
12 after “not to exceed \$10 per diem”.

13 SEC. 8. Title IV of the Mutual Security Act of 1954,  
14 which relates to other programs, is amended as follows:

15 (a) In section 401, which relates to special fund, insert  
16 “(a)” before the first sentence; strike out “\$150,000,000”  
17 in the first sentence and insert “\$50,000,000, in addition to  
18 the funds authorized to be appropriated under subsection (b)  
19 hereof,”; in the next to last sentence strike out “section” and  
20 insert “Act”; and add the following new subsection at the  
21 end thereof:

22 “(b) There is hereby authorized to be appropriated to  
23 the President for the fiscal year 1956 \$100,000,000 for use  
24 in accordance with subsection (a) of this section.”

25 (b) In section 402, after the word “used” in the first



1 sentence, insert “during the fiscal year 1955, and not less  
2 than \$300,000,000 shall be used during the fiscal year  
3 1956,”.

4 (c) In section 403, which relates to special assistance  
5 in joint control areas, insert “(a)” before the first sentence;  
6 insert “at the time of the enactment of this Act” in the first  
7 sentence after “responsibility”; and add the following new  
8 subsection:

9 “(b) There is hereby authorized to be appropriated to  
10 the President for the fiscal year 1956 not to exceed  
11 \$21,000,000 to carry out this section.”

12 (d) Amend section 405, which relates to movement of  
13 migrants and refugees, as follows:

14 (1) Change the heading to “MIGRANTS, REFUGEES,  
15 AND ESCAPEES”.

16 (2) In the second sentence of subsection (a), which  
17 relates to contributions to the Intergovernmental Committee  
18 for European Migration, insert “and for the fiscal year 1956  
19 not to exceed \$12,500,000 for contributions to the Com-  
20 mittee,” after “Migration,”.

21 (3) Amend subsection (c) to read as follows:

22 “(c) There is hereby authorized to be appropriated  
23 for the fiscal year 1956 not to exceed \$1,400,000 for con-  
24 tributions to the United Nations Refugee Fund.”

1       (4) Add the following new subsection:

2       “(d) There is hereby authorized to be appropriated to  
3 the President for the fiscal year 1956 not to exceed  
4 \$6,000,000 for continuation of activities, including care,  
5 training, and resettlement, which have been undertaken for  
6 selected escapees under section 401 of this Act.”

7       (e) In section 406, which relates to children’s welfare,  
8 insert “(a)” before the first sentence and add the following  
9 new subsection:

10       “(b) There is hereby authorized to be appropriated for  
11 the fiscal year 1956 not to exceed \$14,500,000 for contribu-  
12 tions to the United Nations Children’s Fund.”

13       (f) In section 407, which relates to Palestine refugees  
14 in the Near East, insert “(a)” before the first sentence and  
15 add the following new subsection:

16       “(b) There is hereby authorized to be appropriated  
17 to the President for the fiscal year 1956 not to exceed  
18 \$65,000,000 to be used to make contributions to the United  
19 Nations Relief and Works Agency for Palestine Refugees in  
20 the Near East.”

21       (g) In section 408 (a), which relates to United States  
22 participation in the North Atlantic Treaty Organization, in-



1   sert “, and for the fiscal year 1956 not to exceed \$3,700,-  
2   000,” before “for payment”.

3       (h) Amend section 409, which relates to ocean freight  
4   charges, as follows:

5       (1) Insert the following new sentence at the end of  
6   subsection (c), which relates to ocean freight charges on  
7   shipments by United States voluntary nonprofit relief agen-  
8   cies: “There is hereby authorized to be appropriated to the  
9   President for the fiscal year 1956 not to exceed \$2,000,000  
10  to carry out the purposes of this section.”

11       (2) Amend subsection (d) to read as follows:

12       “(d) There is hereby authorized to be appropriated  
13  to the President for the fiscal year 1956 not to exceed  
14  \$13,000,000 to pay ocean freight charges on shipments of  
15  surplus agricultural commodities, including commodities  
16  made available pursuant to any Act for the disposal abroad  
17  of United States agricultural surpluses. In addition, any  
18  funds made available under this Act may be used, in amounts  
19  determined by the President, for the purposes of this sub-  
20  section.”

21       (i) In section 410, which relates to Control Act ex-  
22  penses, insert “, and for the fiscal year 1956 not to exceed  
23  \$1,175,000,” after “1,300,000”.

1 (j) (1) Change the title of section 411, which relates  
2 to administrative expenses to read "ADMINISTRATIVE AND  
3 OTHER EXPENSES".

4 (2) Amend section 411 (b) to read as follows:

5 "(b) There is hereby authorized to be appropriated  
6 to the President for the fiscal year 1955 not to exceed  
7 \$34,700,000, and for the fiscal year 1956 not to exceed  
8 \$35,225,000, for all necessary administrative expenses inci-  
9 dent to carrying out the provisions of this Act other than  
10 chapter 1 of title 1 and section 124."

11 (3) Add to section 411 the following new subsection:

12 "(c) Funds made available for the purposes of this  
13 Act may be used for compensation, allowances, and travel  
14 of personnel, including Foreign Service personnel whose serv-  
15 ices are utilized primarily for the purposes of this Act, and  
16 without regard to the provisions of any other law, for printing  
17 and binding, and for expenditures outside the continental lim-  
18 its of the United States for the procurement of supplies and  
19 services and for other administrative and operating purposes  
20 (other than compensation of personnel) without regard to  
21 such laws and regulations governing the obligation and ex-  
22 penditure of Government funds as may be necessary to ac-  
23 complish the purposes of this Act."



1 (k) Add the following new section:

2 "SEC. 418. PRESIDENT'S FUND FOR ASIAN ECONOMIC  
3 DEVELOPMENT.—(a) The Congress of the United States  
4 reaffirms the policy of the United States to contribute to  
5 international peace and security through assisting the peoples  
6 of free Asia in their efforts to attain economic and social  
7 well-being, to safeguard basic rights and liberties, and to  
8 protect their security and independence. The Congress  
9 hereby recognizes that fundamental to these goals is an  
10 expanding economic growth of the free Asia area based upon  
11 self-help and mutual cooperation and full utilization of already  
12 existing resources and knowledge. The Congress expresses  
13 the willingness of the people of the United States to support  
14 the foregoing objectives to the extent to which the  
15 countries in the area continue to make effective use of their  
16 own resources and external resources otherwise available  
17 to them.

18 "(b) In order to carry out the purposes of this section,  
19 there is hereby authorized to be established a fund, to be  
20 known as the 'President's Fund for Asian Economic Develop-  
21 ment' (hereinafter referred to as 'the Fund'), and there is  
22 hereby authorized to be appropriated to the President for  
23 the Fund an amount of \$200,000,000, such amount to remain  
24 available until June 30, 1958.

25 "(c) The President is authorized to utilize the appro-

1    priations made available for the Fund to accomplish in the  
2    free Asian area the policies and purposes declared in this  
3    Act and to disburse them on such terms and conditions,  
4    including transfer of funds, as he may specify to any person,  
5    corporation, or other body of persons however designated,  
6    or to any foreign government, agency, or organization or  
7    group of governments or agencies as may be appropriate:  
8    *Provided, however,* That not less than 50 per centum of  
9    the funds appropriated pursuant to this section shall be  
10    available only for furnishing assistance on terms of repay-  
11    ment in accordance with the provisions of section 505, and  
12    not more than 25 per centum of said funds may be allocated  
13    for assistance to any one nation.

14        “(d) In utilizing the Fund the President shall give  
15    preference to projects or programs that will clearly con-  
16    tribute to promoting greater economic strength in the area  
17    as a whole or among a group or groups of countries of the  
18    area.”

19        SEC. 9. Title V, chapter 1, of the Mutual Security Act  
20    of 1954, which relates to general provisions, is amended as  
21    follows:

22        (a) In section 501, which relates to transferability of  
23    funds, insert, in the first sentence, the words “in any fiscal  
24    year” after “transferred” and after “increased”; and delete  
25    the last two sentences of said section.



1       (b) In section 502, which relates to use of foreign cur-  
2 rency, in subsection (b) after the word “amended,” insert  
3 the words “and to the Joint Committee on Atomic Energy  
4 and the Joint Committee on the Economic Report,”; and in  
5 the proviso after the word “Senate” the second time such  
6 word occurs, insert the words “or a joint committee of the  
7 Congress”.

8       (c) In section 503, subsection (b) is hereby repealed  
9 and subsection (c) is redesignated as “(b)”.

10       (d) (1) Change the heading of section 505 to “LOAN  
11 ASSISTANCE AND SALES”.

12       (2) Add the following sentence at the end of subsection  
13 (a) of section 505: “Whenever commodities or services are  
14 sold for foreign currencies the President, notwithstanding  
15 section 1415 of the Supplemental Appropriation Act, 1953,  
16 or any other provision of law, may use or enter into arrange-  
17 ments with friendly nations or organizations of nations to use  
18 such currencies for the purposes for which the funds providing  
19 the commodities or services which generated the currencies  
20 were appropriated.”

21       (e) Add the following sentence at the end of section  
22 509, which relates to shipping on United States vessels:  
23 “The ocean transportation between foreign countries of com-  
24 modities, materials, and equipment procured out of local cur-  
25 rency funds made available or derived from funds made avail-

1 able under this Act shall not be governed by the provisions  
2 of section 901 (b) of the Merchant Marine Act of 1936, or  
3 any other law relating to the ocean transportation of com-  
4 modities, materials, and equipment on United States flag  
5 vessels.”

6 SEC. 10. Title V, chapter 2, of the Mutual Security Act  
7 of 1954, which relates to organization and administration, is  
8 amended as follows:

9 (a) In section 524 (a), amend subparagraph (3) to  
10 read as follows:

11 “(3) the supervision of end-item use by the recipient  
12 countries;”.

13 (b) In the second sentence of section 525, which re-  
14 lates to the Foreign Operations Administration, after “For-  
15 eign Operations Administration” insert “(including any  
16 function, office or entity thereof transferred to any other  
17 agency)”; and insert, before the period at the end of said  
18 second sentence, the following: “: *Provided*, That such au-  
19 thority conferred by this sentence shall be exercised in ac-  
20 cordance with applicable laws and regulations relating to the  
21 Civil Service and Veterans’ Preference”.

22 (c) Add at the end of section 526, which relates to  
23 missions and staffs abroad, the following new sentence: “If  
24 a Foreign Service Officer shall be appointed by the President  
25 to a position under this section, the period of his service in



1 such capacity shall be considered as constituting an assign-  
2 ment for duty within the meaning of section 571 of the  
3 Foreign Service Act of 1946, as amended, and such person  
4 shall not, by virtue of his acceptance of such an assignment,  
5 lose his status as a Foreign Service Officer.”

6 (d) In section 530 (a), which relates to experts and  
7 consultants or organizations thereof, insert “or at the ap-  
8 plicable rate prescribed in the Standardized Government  
9 Travel Regulations, as amended from time to time, whichever  
10 is higher,” after “at a rate not to exceed \$10”.

11 (e) In section 534, which relates to reports, strike out  
12 “sections 504 and 413 (b)” in the last sentence and insert  
13 “sections 504, 413 (b), and 418”.

14 SEC. 11. Title V, chapter 3, of the Mutual Security Act  
15 of 1954, which relates to repeal and miscellaneous provisions,  
16 is amended by adding after section 547, the following new  
17 sections:

18 “SEC. 548. UNEXPENDED BALANCES.—Unexpended  
19 balances of funds heretofore made available under authority  
20 of this Act are hereby authorized to be continued available  
21 for the general purposes for which appropriated, and may be  
22 consolidated with appropriations made available beginning  
23 in fiscal year 1956 for the same general purposes under the

1 authority of this Act: *Provided, however,* That unexpended  
2 balances in excess of \$200,000,000 not obligated by June  
3 30, 1955, in accordance with the provisions of section 1311  
4 of the Supplemental Appropriation Act, 1955 (Public Law  
5 663, Eighty-third Congress), or reserved in accordance with  
6 the provisions of section 110 of the Mutual Security Approp-  
7 riation Act, 1955 (Public Law 778, Eighty-third Con-  
8 gress), are not authorized to be continued available after  
9 such date.

10 “SEC. 549. STATEMENT OF CONGRESSIONAL POLICY.—

11 It is the sense of the Congress that inasmuch as—

12 “(1) the United States, through mutual security  
13 programs, has made substantial contributions to the eco-  
14 nomic recovery and rehabilitation of the nations of  
15 western Europe;

16 “(2) due in part to those programs, it has been  
17 possible for such nations to achieve complete economic  
18 recovery and to regain their military strength; and

19 “(3) certain other friendly nations of the world  
20 remain in need of assistance in order that they may  
21 defend themselves against aggression and contribute to  
22 the security of the free world,

23 those nations that have been assisted in their recovery should,



1 in the future, share with the United States the financial  
2 burden of providing aid to those countries which are still in  
3 need of assistance of the type provided under this Act.”

Passed the Senate June 2 (legislative day, May 2),  
1955.

Attest:

FELTON M. JOHNSTON,

*Secretary.*





AN ACT

To amend the Mutual Security Act of 1954, and  
for other purposes.

JUNE 6, 1955

Referred to the Committee on Foreign Affairs

## Inventory of taxpayers' delinquent accounts by class of tax as of Dec. 31, 1954—Continued

Internal Revenue, regions and districts <sup>1</sup>	Excise taxes		Estate and gift taxes		Carriers (CTA)		Unemployment (FUTA)	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Philadelphia region.....	10,826	\$11,640,711.58	475	\$16,667,529.59	17	\$60,345.66	7,168	\$3,941,835.10
Baltimore <sup>2</sup> (Md. and D. C.).....	1,945	1,680,546.42	69	856,957.94	4	2,860.42	896	421,561.27
Camden (1st N. J.).....	581	926,132.04	3	14,867.09			255	208,874.34
Newark (5th N. J.).....	4,230	6,135,233.88	358	862,868.58			4,295	1,756,031.97
Philadelphia (1st Pa.).....	3,078	2,199,549.84	3	197,777.08			1,023	673,483.93
Pittsburgh (23d Pa.).....	735	432,000.37	35	356,281.64		(-2.26)	407	268,016.06
Scranton (12th Pa.).....	194	71,545.53	2	29,815.26	13	57,487.50	251	599,958.06
Wilmington (Del.).....	63	195,703.50	5	14,348,962.00			41	13,909.47
Cincinnati region.....	4,767	5,425,026.96	73	1,283,836.08	7	524.02	2,291	1,172,633.79
Cincinnati (1st Ohio).....	448	474,564.94	7	802,411.28			183	64,464.06
Cleveland (18th Ohio).....	1,044	1,322,072.81	19	159,530.78	5	516.47	416	174,476.91
Columbus (11th Ohio).....	184	148,362.45	6	22,384.42			151	58,907.78
Toledo (10th Ohio).....	148	54,135.50	4	37,482.92			56	16,454.69
Indianapolis (Ind.).....	710	1,297,429.37	21	198,605.00			165	100,346.21
Louisville (Ky.).....	542	371,839.37	1	2,663.28			365	260,404.31
Parkersburg (W. Va.).....	575	215,908.41	5	49,947.16	2	7.55	397	240,445.78
Richmond (Va.).....	1,116	1,540,714.11	10	10,811.24			558	257,134.05
Atlanta region.....	6,905	7,879,926.57	95	1,719,893.85	153	1,004,983.99	3,315	1,327,124.18
Atlanta (Ga.).....	1,049	1,487,527.75	13	176,457.91	123	1,001,612.92	408	139,261.79
Birmingham (Ala.).....	782	1,071,143.42	13	669,543.58			599	201,698.03
Columbia (S. C.).....	956	585,019.75	10	49,290.51			342	148,253.00
Greensboro (N. C.).....	1,585	987,165.40	13	56,712.55			520	177,823.37
Jackson (Miss.).....	388	511,593.05					118	31,283.56
Jacksonville (Fla.).....	1,358	2,782,645.89	37	597,453.20	24	895.56	1,013	491,252.67
Nashville (Tenn.).....	787	454,831.31	9	170,436.10	6	2,475.51	315	137,551.76
Chicago region.....	7,043	9,461,759.89	98	968,190.98	13	35,588.05	2,712	1,332,489.04
Chicago (1st Ill.).....	3,260	5,734,844.97	46	318,712.39	11	35,571.93	1,337	778,134.65
Springfield (8th Ill.).....	902	593,923.50	22	471,096.04	1	3.75	379	179,761.45
Detroit (Mich.).....	2,383	2,450,056.50	22	90,838.96	1	12.37	727	265,039.70
Milwaukee (Wis.).....	498	682,934.92	8	87,543.59			269	109,553.24
Omaha region.....	2,688	2,884,741.03	59	714,036.75			1,448	685,378.64
Aberdeen (S. Dak.).....	150	119,486.22					44	14,292.23
Cheyenne (Wyo.).....	99	54,826.50	8	468,385.99			31	7,891.93
Denver (Colo.).....	422	410,642.78	6	15,179.86			316	154,625.90
Des Moines (Iowa).....	286	212,949.80	3	1,963.47			116	51,077.71
Fargo (N. Dak.).....	98	101,453.11	4	5,658.49			43	13,535.25
Kansas City (6th Mo.).....	250	136,137.41	8	37,993.98			139	56,212.87
St. Louis (1st Mo.).....	361	284,752.64	5	56,658.11			219	132,265.57
Omaha (Nebr.).....	146	217,887.37	4	71,534.39			62	38,211.93
St. Paul (Minn.).....	438	1,187,377.16	6	35,722.69			289	126,435.02
Wichita (Kans.).....	438	159,228.04	15	20,939.77			189	90,830.23
Dallas region.....	4,621	4,213,266.67	104	712,044.14	4	537.31	2,077	129,323.69
Albuquerque (N. Mex.).....	239	122,049.33	3	16,428.13			89	35,958.70
Austin (1st Tex.).....	943	1,227,753.58	29	7,478.31			498	281,734.45
Dallas (2d Tex.).....	1,406	889,500.00	39	403,672.93	2	113.80	615	413,491.08
Little Rock (Ark.).....	321	161,217.76			2	423.51	116	43,303.26
New Orleans (La.).....	1,044	1,398,796.87	32	213,947.78			479	310,265.96
Oklahoma City (Okla.).....	668	413,949.13	1	3,212.99			280	208,570.24
San Francisco region.....	7,452	8,413,763.53	279	3,692,946.08	9	1,268.83	3,386	1,934,173.01
Boise (Idaho).....	209	118,267.55	4	57,739.24			38	16,248.85
Helena (Mont.).....	152	289,620.76	11	13,131.67			37	10,219.46
Honolulu (Hawaii).....	247	145,607.76					171	141,624.48
Los Angeles (6th Calif.).....	2,188	3,457,766.60	110	1,480,338.75	1	4.95	1,334	849,920.65
San Francisco (1st Calif.).....	2,046	2,414,653.25	100	1,510,987.82	7	1,231.07	845	411,856.98
Phoenix (Ariz.).....	272	261,234.76	14	169,925.93			205	132,745.63
Portland (Oreg.).....	551	693,948.99	12	13,234.99			288	152,555.55
Reno (Nev.).....	218	150,845.04	5	221,145.97			79	50,370.11
Salt Lake City (Utah).....	185	110,537.50	6	101,335.17			68	36,163.50
Seattle (Wash.).....	784	771,191.32	17	125,106.54	1	32.81	321	132,467.80
Total.....	58,171	70,115,909.53	1,455	33,113,403.68	239	2,829,082.32	32,844	17,681,679.31

<sup>1</sup> District designation prior to July 1, 1953 shown in parentheses.<sup>2</sup> Baltimore district includes Maryland and the District of Columbia.<sup>3</sup> Seattle district includes Washington and Alaska.

The PRESIDING OFFICER (Mr. MORSE in the chair). Morning business is concluded.

## MUTUAL SECURITY ACT OF 1955

The Senate resumed the consideration of the bill (S. 2090) to amend the Mutual Security Act of 1954, and for other purposes.

The PRESIDING OFFICER. The bill is open to amendment.

Mr. MAGNUSON. Mr. President, in view of the fact that the amendment which I contemplate offering is somewhat complicated, and in view of the fact that the distinguished Senator from Georgia [Mr. GEORGE] and other members of the committee wish to study the question further, I shall not offer my

amendment at this time, but will do so later in the day.

Mr. POTTER. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Michigan will be stated.

The LEGISLATIVE CLERK. On page 5, beginning with the word "change", in line 12, it is proposed to strike out down through the period in line 14 and insert in lieu thereof the following: "strike out '30 percent' and insert in lieu thereof '75 percent'."

On page 13, after the semicolon in line 6, it is proposed to strike out down through the period in line 7 and insert in lieu thereof the following: "in the next to the last sentence strike out '30

percent' and insert in lieu thereof '75 percent'; and delete the last sentence."

Mr. POTTER. Mr. President, the purpose of my amendment is to reinstate the loan features in the development assistance portion of the bill. In the existing law there is a provision that at least 30 percent of the funds to be used under title II, or the development assistance portion of the law, shall be on a loan basis. The committee has deleted that provision. The reason given by the committee in the report for the deletion is that during the past year more than 30 percent of the funds dispensed for this particular item has been on a loan basis; but I submit that the reason why more than 30 percent of the funds for development assistance was on a loan basis was that we had written



into the law that at least 30 percent should be on a loan basis.

I am greatly concerned that by striking this language from the law we would be taking away from the Administrator the authority to negotiate loan contracts with recipient countries.

It is interesting to note that, on a dollar basis, the item of development assistance is a more or less minor item, as compared with other items in the bill. Altogether, the amount involved in development assistance totals \$165 million, of which \$71 million is for Asia. Of the \$71 million for Asia, \$70 million is for India. Africa is allocated \$73 million, and I believe \$21 million is authorized for South and Central American countries. The South and Central American countries which would receive the aid would be Bolivia and Guatemala.

My amendment would reinstate the loan feature in the bill, and raise the loan requirement to 75 percent. The committee felt that the 30 percent requirement would act as a deterrent upon the administration in negotiating more loan contracts. That being the thinking of the Committee on Foreign Relations, I propose to raise the loan requirement to 75 percent. That would still leave 25 percent for special cases. I am thinking about some of the African recipient nations, and possibly Guatemala, in Central America.

The basic reason for offering this amendment is the psychological effect it would have upon recipient nations. My experience abroad has been limited. Nevertheless, I have constantly been questioned about the attitude of the United States with relation to the recipient nations. It has been described as the attitude of a rich uncle. We have been accused of adopting a paternalistic attitude toward other nations. That is particularly true with respect to the countries of South America. They want to be partners. There is no better way to develop a partnership than to operate on a contract basis, between equals. One of the best ways to do that, rather than to consider them as dependents, is to provide for loans, under a system whereby we enter into an agreement recognizing certain economic difficulties which the other countries may have, but placing the transaction on an equal basis between nations. One of the large items in the development assistance program is \$70 million, for the great country of India. No one will question the fact that India has vast resources, many of them undeveloped. A part of this program will be devoted to the development of the resources of that great country. However, it is inconceivable to me that we should refuse to enter into a contract or agreement with India providing that the funds to India shall be given on a loan basis.

The language of the bill gives great leeway for the repayment of the loans. They may be repaid in local currency or in goods, and the time of repayment can be waived for an indefinite period. In other words, such latitude is given, that the administrator can enter into a contract with a nation on an equal basis. We can make the terms of the contract

in such a way that the contract will not put economic pressure on the recipient country. I believe the psychological effect of such a provision would be exceedingly great.

The American people have taken great pride in the fact that because of their economic system and technical know-how they have developed a country of great abundance. However, we must reflect on history. We cannot know whether in another 100 years or 500 years, or even 1,000 years, the United States may be a dependent nation, and countries with great resources, like India may be nations of abundance.

I know that if we ever found ourselves in such a position, and had to receive assistance from another nation, Americans would not want their country to be treated as an object of charity, but would want America to be treated as an equal and as a partner.

My amendment would not take one nickel away from the program. It would accomplish the very thing the committee felt should be accomplished, namely, bringing more of the dollars authorized by this bill under the loan program. I submit that unless the amendment is adopted, the hands of the administration will be tied in dealing with the recipient countries. It will have to say to them, "Congress has said that you are not to ask for loans but, rather, that the money is to be given to you in grants."

Mr. President, this is a very minor portion of the bill. We all know that the so-called indirect military support provided for in the bill, which amounts to more than a billion dollars, is essentially economic aid. We know that even much of the so-called direct military support is in essence economic aid. I am talking about an item which is only 4.7 percent of the total amount involved in the bill. It is designated as development assistance or economic assistance. It amounts to only \$165 million. The largest portion of that amount would go to India. I submit that we would not be unkind or miserly or stingy if we required that 75 percent of the \$165 million be granted on a loan basis.

When I speak of loans I am not speaking of them as a banker would; neither am I speaking of contracts in the sense that a business concern would. I am speaking about a contract between nations, when one nation considers the other nation a partner in the development of the resources of an area. I believe we would be doing a great favor to the countries which would receive the assistance. I believe that is what they would want.

It is interesting to note that whenever the Soviet Union aids a country, which has been infrequently—though the propaganda machinery magnifies each occasion—the aid is given on a loan basis. I know of no instance of the Soviet Union having aided another country except on a loan basis. Not too long ago the Soviet Union provided steel mills for India. A great deal of publicity accompanied that action. Throughout the Communist world much was heard about the generosity of the Soviet Union. However, those steel mills were not a gift. They were a loan.

I well recall when India asked for wheat. It asked for wheat on a loan basis. "Oh, no," we said, "we will give it to you."

Mr. President, that is not the way to make friends. One of the greatest criticisms leveled against the United States in its international dealings is that it is a wealthy country, and that it tries to buy people and nations. We know we have no designs on other nations other than to seek their friendships. Whether it be an individual or a nation, we cannot buy friendship. We secure friendship by mutual respect. We secure friends by dealing with them as equals.

By eliminating the loan features from the bill we are, in effect, saying to a recipient country, "No, we will not deal with you as an equal. You are a dependent. You will always be a dependent. Therefore we will give this money to you. Let us take care of you."

I submit that my amendment should be adopted, and I wish to ask the distinguished chairman of the committee, who has contributed so much to the development of our foreign policy, to take the amendment to conference. I have no pride of authorship so far as the figure of 75 percent is concerned. Perhaps the percentage should be 50 percent, or 90 percent. But I submit that Congress would make a grave mistake if it passed the bill after striking out the loan features of the economic aid provisions.

I have talked with some of the members of the administration about the question, and there has been a division in their ranks on the point of whether aid should be extended on a loan or on a grant basis. I am sure the Senate will find that this amendment would not be strenuously opposed, but would be received wholeheartedly by certain members of the administration who work in this field.

I know that in the hearings before the committee the question was discussed, and it was the wisdom of the committee that this provision should be deleted from the bill. In the bill of last year there was a provision under which the percentage of loans was the highest ever attained in our foreign aid program. If now we should strike this provision from the bill, I submit, Mr. President, though I am aware it is not wise to prophesy, that the percentage of loans would be much less than the 30 percent which the present law prescribes.

Mr. President, I intend to ask for the yeas and nays on my amendment, but I shall wait until after the Senator from Georgia has spoken.

Mr. JOHNSON of Texas. Mr. President, will the Senator from Michigan yield?

Mr. POTTER. I yield.

Mr. JOHNSON of Texas. I appreciate very much the Senator's cooperation with the leadership, but the Senator from New Jersey [Mr. SMITH] has a statement on the bill which he would like to make, and he is prepared to make his statement at this time. The distinguished Senator from Louisiana [Mr. LONG] plans to address the Senate at



some length a little later. Several committees are meeting.

Unless the Senator from Michigan insists otherwise, I should like to have his amendment pending and, before any action is taken on it and before the time is concluded, I think we will have a live quorum.

Mr. POTTER. That is perfectly agreeable to me.

Mr. JOHNSON of Texas. The leadership will protect the Senator. We will have notification sent to him, and there will be a live quorum before it is time to consider his amendment.

Mr. POTTER. That is perfectly agreeable. I know the distinguished majority leader is always most cooperative with all Members of the Senate. I shall be very happy not to force a vote on my amendment at this time.

Mr. JOHNSON of Texas. The Senator cannot be in two places at once. I am anxious to protect his rights on the floor, but I am more anxious for him to be at the Appropriations Committee meeting, and I shall see that he is protected during his absence from the floor.

Mr. President, I should like to inquire how much time the Senator from New Jersey desires.

Mr. SMITH of New Jersey. Thirty minutes on the bill.

The PRESIDING OFFICER. The Senator from New Jersey is recognized for 30 minutes.

Mr. SMITH of New Jersey. Mr. President, the chairman of the Committee on Foreign Relations has given the Senate the broad outlines of the Mutual Security Act of 1955 which the committee recommends to the Senate. The details of the program as approved by the committee are covered in the committee report. Two speeches have been made on the floor with reference to the bill. I regret that I was not able to be present. Therefore, Mr. President, I am asking the privilege of making my remarks at this time.

#### ASIA

The senior Senator from Georgia [Mr. GEORGE] has noted the changing emphasis of our aid programs over the last 7 years and observed that a large portion of the funds authorized this year are for economic-type assistance to Asia. Indeed, of the some \$2 billion of the non-military funds in the bill, \$1.4 billion is for Asia—one of the most underdeveloped areas of the world and one of the most populous. In Asia, the per capita share of the gross national product averages only \$108 per person per year. In the United States the per capita share is more than 20 times as great—\$2,200.

These are the countries which we are trying to assist as they progress slowly toward a better standard of living so that they may preserve their freedom. The big immediate contest in the world today is the cold war between the atheistic materialism of totalitarian communism and the freedom, independence, and self-determination for which these underdeveloped countries are yearning. I propose to direct the bulk of my remarks toward these problems which we face in Asia. I then propose to discuss in some detail the principal new element in this

year's mutual-security program—the "President's Fund for Asian Economic Development." This is contained in section 8 (k) of the pending bill as amended and reported by the committee. This section reads as follows:

(a) The Congress of the United States reaffirms the policy of the United States to contribute to international peace and security through assisting the peoples of free Asia in their efforts to attain economic and social well being, to safeguard basic rights and liberties, and to protect their security and independence. The Congress hereby recognizes that fundamental to these goals is an expanding economic growth of the free Asia area based upon self-help and mutual cooperation and full utilization of already existing resources and knowledge. The Congress expresses the willingness of the people of the United States to support the foregoing objectives to the extent to which the countries in the area continue to make effective use of their own resources and external resources otherwise available to them.

(b) In order to carry out the purposes of this section, there is hereby authorized to be established a fund, to be known as the President's Fund for Asian Economic Development (hereinafter referred to as the fund), and there is hereby authorized to be appropriated to the President for the fund an amount of \$200 million, such amount to remain available until June 30, 1958.

(c) The President is authorized to utilize the appropriations made available for the fund to accomplish in the free Asian area the policies and purposes declared in this act and to disburse them on such terms and conditions, including transfer of funds, as he may specify to any person, corporation, or other body of persons however designated, or to any foreign government, agency, or organization or group of governments or agencies as may be appropriate: *Provided, however,* That not less than 50 percent of the funds appropriated pursuant to this section shall be available only for furnishing assistance on terms of repayment in accordance with the provisions of section 505, and not more than 25 percent of said funds may be allocated for assistance to any one nation.

(d) In utilizing the fund the President shall give preference to projects or programs that will clearly contribute to promoting greater economic strength in the area as a whole or among a group or groups of countries of the area.

It is my belief that there has been too much defeatism in this country with respect to the future of free government in Asia. Let me emphasize that every country we assist in this area is free and independent. Not one is a dictatorship; not one has its foreign policy determined by outsiders, including the United States; not one of these countries is under the domination of the Kremlin as of today. But these countries are in danger because they are underdeveloped and overpopulated and have not yet been able to release their full creative powers.

It has been inspiring to witness the growth of freedom and independence among the nations of the Far East and Asia. Since the war no less than 10 nations in this great arc of freedom extending from Korea to Afghanistan have become free. It is an impressive list—South Korea, the Philippine Republic, Indonesia, Laos, Cambodia, Vietnam, Burma, India, Pakistan, Ceylon. Not one of these nations obtained its freedom from Russia. In fact, during this postwar period, when the democratic na-

tions of Western Europe have freed more than 500 million human beings from the controls of colonialism, the Communist regimes have enslaved 800 million people. Communism is putting people in bondage faster than the free-world nations have been able to confer self-government on former colonial areas.

The democratic nations of this earth mean what they say when they talk of the right of self-determination—the right of peoples to govern themselves. We would assist those who have at last achieved that right in their efforts to preserve and strengthen their freedoms. A great wave of independence and nationalism has swept over the former colonial lands of Asia. Yet there linger age-old suspicions of western colonialism. As these suspicions have decreased, a new fear has been raised in the form of Communist colonialism. The young free nations of Asia do not intend to permit this new colonialism to be successful. Their new independence and nationalism will be strong weapons against any new colonialism by the Communists. Indeed, one of the strongest anti-Communist weapons that exists is the strength of nationalism. No nation given its freedom since the war has succumbed to communism. But in order that nationalism and freedom, independence, and self-determination may flourish, these underdeveloped nations must have economic and know-how assistance and the support of the western free nations.

It seems essential that the American people realize that a nation free to determine its own form of government is a nation on the side of democracy in the cold war. If a nation is free, it has a right to disagree with the United States. Free nations are not to be measured in their freedom by a yardstick made in the United States. The test of an independent nation is not whether it agrees with the United States, but whether it is free to disagree with us—or with any other nation for that matter. When a nation has that kind of independence we know it is not in danger of casting its freedoms away.

It is in the interest of the United States to help these Asian states remain free, because free nations are strong nations. We can help them by working with them in partnership.

#### PRESIDENT'S FUND FOR ASIAN ECONOMIC DEVELOPMENT

I now wish to speak on the President's fund for Asian economic development, which is a new feature in the bill.

One aspect of the program which I want particularly to emphasize concerns the President's fund for Asian economic development to which I have referred. Section 8 (k) of the pending bill authorizes the appropriation to the President of \$200 million to be used by him to promote conditions in Asia that will advance the economic strength and know-how of the area. This part of the pending bill gives real life and meaning to the point I have been emphasizing—the need for us to encourage nationalist strength in Asia based upon a relationship of partnership rather than of paternalism.



Last March, Mr. President, in a speech on the floor I outlined in some detail the need for closer economic cooperation by the Far Eastern Colombo Plan Powers. I suggested that a Far Eastern Economic Conference might well help to initiate improved regional cooperation. I said:

Such a conference, if it does nothing else, may put into motion a process of economic cooperation which could go far in alleviating the more pressing Asiatic problems. It should be emphasized that this matter will require Asian initiative and concerted action on a regional basis.

In recent months we have witnessed a considerable increase in Asian initiative, imaginative planning, and feeling of independence and confidence. Recent conferences at Bandung, Baguio, and Simla are all examples of what I believe is a new and heartening change in free Asia.

The President's Fund for Asian Economic Development is an imaginative attempt to demonstrate our interest, confidence, and willingness to assist these underdeveloped countries in their own efforts to improve their economic conditions.

There are more than 700 million free people in this area—the arc of Free Asia, as Mr. Stassen has described it. These free nations lie in a swift-moving current between the Communist world and the free states of the West. The direction in which that current moves may determine whether freedom will survive. The strong, nationalist spirit and the yearning for freedom, independence and self-determination which is now stirring within most of these nations make the people view anything foreign or especially western with suspicion. Unfortunately, the scars of western colonialism have been etched deep in the minds of Asia. Carlos Romulo has remarked:

The Asian has been rendered deaf and blind to the Communist menace by his determination that the White Man shall not rule again.

The United States by tradition never was a part of that colonialism that still blinds many Asians to the fundamental difference between democracy and communism. This nation, therefore, is in an excellent position to help Asia on a partnership basis to develop its own strength.

#### A TWO-WAY PARTNERSHIP

The President's fund will help Asia in this two-way partnership. First, it will encourage the growth of the partnership that must exist among the free Asian nations themselves—the kind of partnership that worked so well in Europe under the so-called Marshall plan. The Colombo plan nations are now moving toward joint development of Asian resources. They well know that great strength in Asia can be developed by encouraging trade among themselves and by the creation of complementary economies. Japan and Korea need the raw materials and food grains of south Asia. South Asia needs the industrial products of Japan and Korea. Partnership among these nations will be to their mutual advantage. The President's fund is designed to encourage

projects that will help the Asian area to grow in strength as a unit.

The second type of partnership that will be helped by the President's fund can be the partnership of the United States, working with other free Western nations, and the free nations of Asia. The United States has capital and know-how which we can lend to our friends. The intra-Asian partnership now developing around the Colombo nations can be strengthened by this kind of partnership which we can offer.

What is needed, then, is cooperation between the threatened underdeveloped nations on the one hand, and the United States on the other. This Nation has grown great through freedom and now has the strength to help newly free nations.

It was less than 200 years ago that we were struggling to establish our freedom. We were first given help by France where the concept of liberty and freedom was strong. And then, in later years, England, the nation from which we wrested our freedom, came to our help with the capital to build our railroads and many other great industries.

We see a similar development today. The colonial nations of the 19th century are gradually giving up their colonial empires—sometimes willingly, sometimes under protest. What is happening is that the concept of individual liberty and self-government which took root in Europe and the Americas in the 17th and 18th centuries is now taking root in Asia. The new nationalism of Asia and the yearning for greater freedom, independence, and self-determination is as strong as the older nationalisms of Europe and America. There may be some differences, but fundamentally it is the movement of man toward a destiny he can only achieve if he can live as a freeman.

The Communists have no more understanding of this desire of nations to be free than they have of the right of free speech, or of the inherent power that exists in an economy based on free enterprise and the release of the creative energies of individual men and women.

The partnership of which we are speaking is not the kind of thing that we can write into law. But it is the concept which must guide the men responsible for the day-to-day administration of this new program. We must emphasize that our aid programs must be cooperative, partnership ventures. We offer assistance to these nations not because they are the white man's burden. We offer them help because it is in our interest as well as their interest for them to be strong enough to resist Communist threats from within as well as from without and to protect the sacred freedom of each individual human being. We know from experience that communism advances either by the use of force or by playing on a nation's internal difficulties in such a way as to create turmoil, strife, and weakness suited to the designs of Moscow or Peiping. If the nations of Asia can maintain their defenses against the possibility of external aggression and maintain and increase their internal economic and know-how strength, they

can, in cooperation with other free nations, thwart efforts to destroy freedom.

But the United States is not able and would not want to impose these conditions from without. The strongest urge to be free and to stay free comes from within a nation. And peoples who are threatened are usually in a far better position to judge the threat and to know what to do about it than people looking on from the outside.

#### PRESIDENT'S FUND NOT A DEVICE FOR DOMINATION

The President's fund is not a device for domination of these areas. It is a method of helping them to help themselves. But I must emphasize that we do not propose to help these nations solely for altruistic reasons. We help them because we know that strong, free nations in Asia will not be tempted by the prolific, attractive, totalitarian promises of communism. We also know that strong, free, well-developed nations in Asia will be able to trade with this country. Many of our most important raw materials come from this part of the world. We will be able to trade many more of our industrial products with South Asia if the nations in that area have been able to develop their own resources so that they can sell too, and buy, from us.

#### REGIONAL AID

There may be objections here to the President's fund for Asia on the ground that Asian nations recently gathered at Simla, India, apparently misunderstood and rejected the idea of regional aid. Why, it will be asked, should the United States seek to give help on a regional basis when the states of the area have indicated they are not at this time interested in multilateral aid?

The answer is simple. Although the language of the bill is broad enough to permit programs and allocations on a regional basis, it is not contemplated that assistance would be in the form of a gift to some regional organization to use as it might see fit. Assistance from the fund is to be on a country-by-country basis. In other words, our assistance will be given to Japan, or Thailand, or India, or other countries, as the case may be. The criteria for assistance from this fund, however, will not be whether a dollar of assistance will solely help the individual country receiving the dollar. The criteria instead will be whether the project for which the dollar is allocated will benefit more than one country.

In other words, if Laos proposes the construction of a dam on the Mekong River to supply waters for irrigation purposes only in Laos, assistance from this fund would not be available. If, however, it can be shown that the dam in Laos would benefit other states such as Thailand and Cambodia, as well as Laos, we would view that as a proper use of the President's fund. Similarly let us consider a training project in Japan. If the training project were solely for the training of Japanese nationals, assistance could not be sought from the President's fund. But if the funds were given to Japan to set up a training program open to nationals of other Asian states, that would be a proper request for consideration by the fund.



The effect of the President's fund, then, will be to establish a regional test as to whether assistance from the President's fund should be given to a particular country. The fund, therefore, should encourage individual countries to think of their development projects on a regional basis rather than a unilateral basis. If country X insists that no project be undertaken within its boundaries which would also have a favorable impact in the region, then there would be no assistance available from the President's fund. But those states that think in terms of mutual assistance—of helping not only themselves, but their neighbors as well—those states would be given consideration in the administration of the fund.

We know that States which have recently gained their independence tend to be almost exclusively concerned with internal development and internal crises. Nevertheless, it is true that chaos, crisis, and instability in one country are likely to have a serious impact on neighboring countries. It is also true that prosperity and growth in one country have a favorable impact on that country's neighbors.

This relationship has now been recognized by the nations of free Asia. In the press communique released at Simla on May 13, the conference nations stated:

The conference was of the view that there are certain types of projects which readily lend themselves to regional treatment. Devotion of additional aid funds to programs of this kind would be welcome.

The communique also stated:

The conference recognized that the development of every country in the region was linked with the development of the region as a whole.

The President's fund will tend to get nations of this area to think not solely of their separate interests, but of their common interests as well. We have emphasized time and time again the common threat these nations face from communism. It is time for us to emphasize the common advantages that will flow from increased prosperity in all of Asia. The President's fund will direct attention to the positive aspects of our help to Asia. It underlines the hope in the future, not simply the dangers.

#### LIMITATIONS ON THE FUND

There may be objections to the President's fund because there are few strings attached to it—that we are virtually giving the President a blank check. There may be insistence that we try to spell out when and where the money is to be spent and the conditions under which we will grant the aid. If we try to limit these dollars to products manufactured in America, if we try here to decide whether the funds should go into fertilizer plants, river developments, cement works, highways, tube wells, or housing developments we doom the project to frustration.

The strength of a plan such as this is found largely in the flexibility with which it is administered. We cannot hope here to load this fund down with restrictions, and then ask the President to use it on a partnership basis.

The Committee on Foreign Relations sought to balance the advantages of giving the President a comparatively free hand in the administration of this Asian Development Fund with the requirement that Congress keep a close watch on the projects that may be developed. The committee report explains the changes that were made, and I think they represent a reasonable compromise. A time limit of 3 years has been placed on the availability of the funds. This means that the administration has a reasonable amount of time to work out helpful projects, but that no blank check of indeterminate date is to be available for the Executive. The committee has asked also that 50 percent of the funds should be on a loan basis—thus encouraging the development of projects which will have self-liquidating features and which will imply the self-help spirit necessary for success.

Mr. President, I digress from my text in order to comment on a matter to which the Senator from Michigan [Mr. POTTER] referred a few moments ago. So far as the fund is concerned, the committee felt a 50-50 percent basis should be established, which would mean 50 percent of the funds would be used for loans, and 50 percent for grants. It does not mean that the amount is limited to 50 percent if countries can afford to pay more, but the plan is to give flexibility in helping countries which need aid. The committee has also provided that no single country is to receive more than 25 percent of the fund. That seems to be a reasonable limitation. It would be our hope that in time we might view the loan part of the fund as a revolving fund, continuously available for worthwhile, self-liquidating projects in Asia.

#### THE STAGGERING CRISIS

We must not overlook the staggering crisis that is facing us. I remind my colleagues that what is going on today is a fierce struggle for the freedom of the underdeveloped countries of the world. We are in danger of losing that struggle. If that were to happen, all of free Asia might disappear behind the Iron Curtain. Most of the underdeveloped countries now in immediate danger are to be the recipients in the partnership program which is basic to this new fund. We simply cannot place too many limitations on exactly how the fund is to be spent. To do so would be to defeat its purpose. We have a golden opportunity here to meet the insidious challenge of Communist colonialism and infiltration. This infiltration is the cleverest Communist type that can be imagined.

In meeting this challenge, our military aid is important. But it is by definition negative. The economic and ideological aspects of this program are the positive means at our disposal. In the end this great struggle is one of economics and ideas. We must assist these young democracies in their fervent aspirations for greater freedom and for a better life, and in their efforts to become equal in every way with the other countries of the world, not to be looked down on, not to be exploited by anyone.

Unless we do this, unless we take up this challenge, we will lose this struggle

in the Far East, and will be in great jeopardy everywhere else in the world.

In deciding on this new fund, we must realize that we are dealing with a very unique situation threatening our own security for the future. We must face the responsibility which is ours. It would be foolish, and indeed utterly tragic, to throw out this concept, which seems to be the right approach in dealing with the competition over the underdeveloped countries. These countries believe the United States is their great hope to get away from colonialism, imperialism, and the sufferings of the past.

We may lose this struggle with the Communists unless we move in on this question of the future of these underdeveloped countries and help those millions of people to help themselves in their yearning for independence and a higher standard of living.

This problem of economic development and know-how in Asia is a long-range problem. We cannot expect miracles overnight. The best we can expect is that the people of this great area may be given hope for the future and that the reasonableness of their hope will be evidenced by gradual improvements in their health, their standards of living, and their education.

In conclusion, Mr. President, one of the most powerful mainsprings of man's existence is the assurance that his sons and his sons' sons will be better off than he is. One of the most disruptive forces of society is man's fear for the future of his descendants.

As I view this program of assistance for Asia, it seems to me that it carries on the noble tradition of those pioneer missionaries who, influenced by the Christian faith, sought to build men's bodies and minds so that their souls might rest in the peace that comes when they can know that mankind moves forward and upward under the guidance of Almighty God.

Mr. President, I yield the floor.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that, without the time being charged to either side, the absence of a quorum may be suggested.

The PRESIDING OFFICER (Mr. PAYNE in the chair). Without objection, it is so ordered.

Mr. KNOWLAND. I suggest the absence of a quorum.

The PRESIDING OFFICER. The secretary will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Hayden	Pastore
Barrett	Holland	Payne
Bender	Hruska	Potter
Bricker	Jackson	Robertson
Cotton	Johnson, Tex.	Saltonstall
Curtis	Kerr	Smith, Maine
Dirksen	Knowland	Smith, N. J.
Ellender	Long	Sparkman
George	Martin, Pa.	Thye
Green	Millikin	Williams

Mr. CLEMENTS. I announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Tennessee [Mr. GORE], the Senator from Missouri [Mr. HENNINGS], the Senator from Arkansas [Mr. McCLELLAN], and the Senator from Wyoming [Mr.



O'MAHONEY] are absent on official business.

The Senator from Massachusetts [Mr. KENNEDY] is necessarily absent.

The Senator from Montana [Mr. MURRAY] is absent by leave of the Senate to attend the International Labor Organization meeting in Geneva, Switzerland.

Mr. SALTONSTALL. I announce that the Senator from Colorado [Mr. ALLOTT] is absent on official business.

The Senator from South Dakota [Mr. CASE] and the Senator from Kansas [Mr. SCHOEPP] are absent by leave of the Senate.

The Senator from Utah [Mr. WATKINS] is absent on official business for the Committee on the Judiciary.

The PRESIDING OFFICER. A quorum is not present.

Mr. JOHNSON of Texas. Mr. President, I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

The motion was agreed to.

The PRESIDING OFFICER. The Sergeant at Arms will execute the order of the Senate.

After a little delay, Mr. BARKLEY, Mr. BEALL, Mr. BENNETT, Mr. BIBLE, Mr. BRIDGES, Mr. BUSH, Mr. BUTLER, Mr. BYRD, Mr. CAPEHART, Mr. CARLSON, Mr. CASE of New Jersey, Mr. CHAVEZ, Mr. DANIEL, Mr. DOUGLAS, Mr. DUFF, Mr. DWORSHAK, Mr. EASTLAND, Mr. ERVIN, Mr. FLANDERS, Mr. FREAR, Mr. GOLDWATER, Mr. HICKENLOOPER, Mr. HILL, Mr. HUMPHREY, Mr. IVES, Mr. JENNER, Mr. JOHNSTON of South Carolina, Mr. KEFAUVER, Mr. KILGORE, Mr. KUCHEL, Mr. LANGER, Mr. LEHMAN, Mr. MAGNUSON, Mr. MALONE, Mr. MANSFIELD, Mr. MARTIN of Iowa, Mr. MCCARTHY, Mr. McNAMARA, Mr. MONRONEY, Mr. MORSE, Mr. MUNDT, Mr. NEELY, Mr. NEUBERGER, Mr. PURTELL, Mr. RUSSELL, Mr. SCOTT, Mr. SMATHERS, Mr. STENNIS, Mr. SYMINGTON, Mr. THURMOND, Mr. WELKER, Mr. WILEY, and Mr. Young entered the Chamber and answered to their names.

The PRESIDING OFFICER. A quorum is present. The question is on agreeing to the amendment offered by the Senator from Michigan [Mr. POTTER].

Mr. POTTER. Mr. President, I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

Mr. JOHNSON of Texas. Mr. President, after a brief statement by the distinguished chairman of the Committee on Foreign Relations and by the author of the amendment the Senator from Michigan [Mr. POTTER], perhaps of not more than 10 minutes, I hope we may have a vote on the amendment. I yield 5 minutes to the Senator from Georgia.

Mr. GEORGE. Mr. President, I may need a little more than 5 minutes on the pending amendment, although I do not believe I will take more than that.

Mr. JOHNSON of Texas. I shall be very happy to yield additional time to the Senator from Georgia.

Mr. GEORGE. I should like to ask Senators to remain in the Chamber, because if a yea-and-nay vote is had, it will come very early, and their remaining in the Chamber would save time in calling for a quorum.

Mr. President, for the first time the pending bill definitely moves toward a

loan program and away from an altogether giveaway program. In moving in that direction, however, we had to adopt what we regard as a sound policy and a sound means of approaching that goal.

The Senator from Michigan [Mr. POTTER] has offered an amendment which calls for all mutual-assistance programs to be operated on a loan basis of 75 percent. Mr. President, if we approach the matter in that way, we might as well abandon the whole program. I say that because it will mean that the countries which need assistance, and which are unable to borrow and repay 75 percent of a loan, will not participate and only those countries which can repay loans will take advantage of the program.

Mr. President, the committee considered this matter with a great deal of care. We found that the FOA Administrator this year has made loans totaling more than 30 percent. I refer to development loans. We also found—and it was stated by the Administrator—that any limitation on the percentage required for loans would operate directly against the effort of the Administrator to increase the loans to any given country.

For instance, if under the old law we had a 30-percent requirement for loans, as soon as the 30 percent was borrowed, the recipient country would say, "Now, the balance is a grant." That is inevitable. It is the same old story of the boy who went to town to sell a load of wood. The customer said to him, "What do you want for that, boy?"

He said, "My dad said it's worth \$2, but I should take a dollar if I couldn't get \$2."

Identically, the same principle is involved. If a country is required to pay 75 percent or 40 percent or 30 percent or any other given percentage, as soon as it complies with the requirement, of course, it will say, "We are through borrowing, and all the balance must come as a grant."

We are trying to avoid that situation. One of the primary purposes of this bill is to shift over to a loan basis. But the amendment offered by the Senator from Michigan would, in my judgment, defeat it.

Mr. SALTONSTALL. Mr. President, will the Senator from Georgia yield?

Mr. GEORGE. In a moment.

I know the adoption of the amendment would defeat the whole purpose of this type of legislation, because the very countries which most need the help, and which we most need to help, in our own defense, are the ones that cannot borrow and pay back 75 percent of the money.

I now yield to the Senator from Massachusetts.

Mr. SALTONSTALL. Did the committee get the impression from the Administrator that it was his purpose to make loans wherever it would be feasible and still carry out the purpose of the legislation?

Mr. GEORGE. Oh, yes. We have written it into the report, and that principle is accepted. Let me read what the Administrator himself had to say on that subject:

The removal of this provision was intended to permit more, rather than less,

lending in the future. The administration found that negotiating for a high percentage of loans for individual countries was difficult this year because of a stated percentage in the statute, which they all tend to interpret as being applicable to them.

During the current year statutory minimums have in fact been exceeded (over \$220 million out of all types of assistance), and it is the stated intention of the administration to put more aid on a loan basis next year.

A percentage minimum of 75 percent is in any event an unreasonable target. The whole philosophy behind development assistance is to furnish it to countries which have the greatest need, not to those best in a position to repay. In fact, countries such as India, Iran, and Lebanon have been able to take considerably more than 30 percent of their development assistance on a loan basis this year. Others cannot reasonably be expected to assume even 30 percent of loans. Jordan and Guatemala are typical examples of countries in desperate economic need. They were not asked to assume any loans this year, and could not be expected to do so next year.

The only way in which the average of loans could be raised to anywhere near 75 percent within 1 year, if we still follow the policy of aid where it is most needed, would be to put it on such a loose and indefinite basis that it would not insure repayment within a reasonable period, and at the same time would damage the normal operations of credit institutions such as the World Bank, Export-Import Bank, and commercial banks.

In other words, if in the case of India we said, "You must pay 75 percent"—although India probably will pay 75 percent—we might be exhausting the credit of that country if it desired to approach another lending institution for aid.

Mr. President, I invite attention to the fact that in some instances during the current year development assistance on a loan basis has reached about 41 percent, on the average, under the present law. If the law can be operated as the committee has worked it out in this bill with a great deal of care and in the report, and in accordance with the commitment given to us by the administrators, we shall rapidly approach a full loan basis in all countries which have the capacity to borrow at all.

In the case of Iran, for instance, a loan of \$32 million was made out of the authorized amount of \$65 million.

In the case of Israel a loan of \$20 million was made out of an authorized total of \$40 million. That is 50 percent.

India's loan is somewhat in excess of \$45 million, nearly \$50 million. Under the present law the total of loans made as against authorizations is in excess of the minimum fixed in the act; and the administrators, from the beginning, have urged that there be no minimum because it tended to defeat their efforts to obtain a larger percentage of loans rather than to make grants.

I earnestly hope, Mr. President, that the amendment will be defeated. While its objective is the same as that which the committee has worked out in the bill, the committee, after long consideration, is of the opinion that the proper way of proceeding is to give the Administrator an opportunity to obtain a greater percentage of loans, if it is possible to do so.



Mr. BARKLEY. Mr. President, will the Senator from Georgia yield?

Mr. GEORGE. I yield.

Mr. BARKLEY. The whole theory of the bill is one of mutual assistance, which, of course, means mutuality of interest and security. Is it not true that many countries whose economy and stabilization from a military and economic standpoint are essential to our security would be among those who could not qualify for a loan?

Mr. GEORGE. Undoubtedly that is true.

Mr. BARKLEY. And, therefore, the possibility of mutuality would be destroyed.

Mr. GEORGE. Unquestionably. The whole effort we are making in certain areas of the world would be defeated by a requirement that all amounts authorized under this title should be made on a loan basis of 75 percent.

Mr. ELLENDER. Mr. President, will the Senator from Georgia yield?

Mr. GEORGE. I yield.

Mr. ELLENDER. Is it not a fact that the amendment affects only the development-assistance program, which amounts to \$165 million, and not the whole bill?

Mr. GEORGE. It also affects transferred funds.

Mr. ELLENDER. But only the development-assistance program.

Mr. GEORGE. Yes.

Mr. ELLENDER. The amount of money proposed to be authorized for this program is \$165 million, and the amendment does not affect the other funds.

Mr. GEORGE. It does not affect the military funds.

Mr. ELLENDER. Or any other funds.

Mr. GEORGE. It affects any money transferred to any mutual-assistance program or any part of it.

Mr. POTTER. Mr. President, I yield myself 10 minutes. I should like to tell the Senate exactly what my amendment would do. It has nothing to do with military assistance. It has nothing to do with defense support. It has nothing to do with technical assistance. It applies only to the \$165 million designated for development assistance, which is commonly referred to as economic assistance.

Mr. President, I certainly do not intend to try to match the eloquence of the distinguished Senator from Georgia, or his great knowledge and leadership in this field, but I believe I can match him in sincerity of purpose, so far as the amendment is concerned.

The very argument the Senator from Georgia made as to the loans which have been made relates to the fact that the existing law for development assistance contains a provision that 30 percent of the funds shall be on a loan basis. That the loans entered into this year were, as he stated, in excess of 30 percent is the result of the fact that the existing law has a provision for 30 percent on a loan basis.

But the committee deleted that provision; and at present, in the bill now under consideration, there is no provision for loans for economic or development assistance.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. POTTER. I yield.

Mr. KNOWLAND. I understand the Senator wished to have the yeas and nays ordered on his amendment. Before some of the large number of Senators who are now in the Chamber leave—

Mr. POTTER. The yeas and nays have been ordered.

The PRESIDING OFFICER. The Chair will state that the yeas and nays have been ordered.

Mr. POTTER. The amendment would not take away one nickel from the funds provided by the bill. It would apply only to the 4.7 percent of the total authorization which is allocated for development assistance; and it would require 75 percent of the \$165 million, allocated for that purpose, to be on a loan basis rather than on a grant basis.

Mr. LONG. Mr. President, will the Senator yield for a question?

Mr. POTTER. I yield.

Mr. LONG. Is there anything in the Senator's amendment which provides that additional loans could not be made to a poor nation, in the event it should fail to repay?

Mr. POTTER. Of course not.

Mr. LONG. In other words, if a nation such as Guatemala could repay its loan, we could renew the loan to them, and they would at least owe something.

Mr. POTTER. That is correct. The loans under existing law are not of the same type as bank loans. They are based on agreements whereby the borrower can pay them back in kind or can pay them back in foreign currency. They are very generous loans. They are not the kind of loans we would wish to enter into as businessmen. But they have one advantage, namely, that in dealing with the recipient nations, we deal with them as partners. We have something to say in respect to such loans. We have a voice because of the contractual agreement we have with the nation, which we would not otherwise have in the spending of the funds.

Mr. MUNDT. Mr. President, will the Senator yield?

Mr. POTTER. I yield.

Mr. MUNDT. As I understand, the Senator's amendment applies only to that provision of the bill which deals with what might be called economic or development aid. In no sense does it mean that the national defense phases are to be on a loan basis.

Mr. POTTER. Not one iota.

Mr. MUNDT. Such loans are not the kind which are necessarily drawn up with provision for a rigid series of repayments, and interest rates; they are the types of loans which a country can repay by supplying us with strategic materials, raw materials, or manufactured products which we may need.

Mr. POTTER. I shall be glad to read to the Senator exactly how the loans can be repaid. This is the provision in the existing law, and the same latitude would be given by my amendment. The existing law, which would be reinstated by my amendment, is as follows:

SEC. 505. Loan assistance: (a) Assistance under this act may be furnished on a grant basis or on such terms, including cash, credit,

or other terms of repayment (including repayment in foreign currencies or by transfer to the United States of materials required for stockpiling or other purposes) as may be determined to be best suited to the achievement of the purposes of this act.

Certainly that is not restrictive language.

Mr. MUNDT. By amending the foreign-aid program this way, very conceivably we might be rendering the countries better service than by give-away programs, because the type of program which the Senator from Michigan is proposing would maintain the self-respect of the recipient countries.

Mr. POTTER. The Senator is absolutely correct. One of the great criticisms of the United States with respect to this program has been the "Rich Uncle" philosophy, that we will take care of a country if it is a dependent nation. By putting the funds on a loan basis, we will be treating the recipient nations as partners. Certainly the psychological effect is much to be desired. It removes the paternalistic influence which now exists.

Mr. MUNDT. It seems to me that the Senator from Michigan has offered a very constructive amendment. It is difficult for me to understand how there can be much fault found with the philosophy behind it. Instead of dealing with the smaller countries as poor relations, we shall be welcoming them into the family as partners, and providing them with what they may need in money, aid, or supplies. In those circumstances, we shall be glad to help them, because they are desirous of helping the free world. It is important that they maintain their sovereignty, dignity, and self-respect, and this they would do if we made to them loans which they could repay at any time they were able to do so, and in whatever method they chose.

It is beyond my understanding how the Senate could disagree with the type of philosophy which would substitute a businesslike program for a perpetual humanitarian spending program on a global basis, which, if it should become permanent policy, as the bill proposes, would mean increased taxes for the taxpayers of America to build in other countries plants, educational institutions, irrigation ditches, and dams which they might require. Certainly the United States cannot maintain that kind of giveaway program forever.

Mr. POTTER. The Senator is absolutely correct. We have been criticised, and rightly so, by our own citizens for the giveaway program. I believe that economic assistance should be given where it is needed. The amendment does not take one nickel away from the bill. It merely provides that the United States will enter into contracts with recipient nations, and that we will expect them to return the funds to us when they can, if they can; but, at least, there will be contractual agreements between partners, rather than a position of dependency, which happens when the funds are given on a grant basis.

Mr. MUNDT. It seems to me the Senate could find some encouragement for this kind of approach by studying the relationships between Great Britain and



the United States and between Finland and the United States. In both cases we have advanced money on a loan basis; and in both cases we are receiving payments not only on the interest but also on the debts. Both Finland and Britain are firm friends of the United States and they are valiant defenders of freedom.

This shows that such an arrangement will make friends. It is far better than a mere giveaway program, such as we have been engaged in, and as to which the results certainly have left something to be desired.

The PRESIDING OFFICER. The 10 minutes which the Senator from Michigan allotted to himself have expired.

Mr. POTTER. I yield myself 5 additional minutes.

Of the \$165 million included in the development-assistance portion of the bill, \$70 million is provided for India. With the great resources which India has, certainly the United States should be able to enter into a loan contract with that great country rather than to give her the money. Nehru, the leader of India, made great proclamations when the Soviet Union advanced to India on a loan basis funds for the building of a steel plant. I think it would be wise for the United States to place its relations with India on a partnership basis and to say, "We will expect some of the money back when you are able to pay it."

Mr. KUCHEL. Mr. President, will the Senator yield?

Mr. POTTER. I yield.

Mr. KUCHEL. On page 22 of the report, the following appears:

The bill repeals the requirement in the Mutual Security Act of 1954 that 30 percent of development assistance funds be available only for furnishing assistance on a loan basis.

In fact, something more than 30 percent of these funds were used on a loan basis in the current fiscal year, and it is expected that an even greater percentage will be so used in fiscal 1956. The committee was impressed, however, with the argument that a percentage figure written into the law militates against the placement of a greater percentage of loans. Experience under the 1954 act shows that some recipient countries want to limit their borrowing to 30 percent, whereas if that figure were not in the law, they would be more readily agreeable to a higher percentage.

Is it not true, therefore, that the report of the committee shows that the intention of the committee is, not to eliminate the loan provision, but to provide a means of increasing the loan percentage about 30 percent, whereas the Senator's proposal, on the other hand, would require that it be 75 percent?

Mr. POTTER. I respectfully disagree with the Senator, because the fact that there were loan agreements above 30 percent last year was due to the fact that there was a 30-percent provision in the law. I know, from the language of the report, that it is claimed that without that provision, it might have been possible to have negotiated a higher percentage of loans; but it seems to me there should be a requirement to that effect in the law. That is why I propose to increase the figure to 75 percent.

Mr. KUCHEL. Would the Senator agree that the committee did not delete

this provision on the theory that it wanted to eliminate the loan feature?

Mr. POTTER. Even though that may have been in the mind of the committee, the provision was deleted. That being so, when our officials deal with recipient nations, they will be told, "Well, the Congress deleted the loan provision. You cannot make a loan with us. It is going to be on a grant basis." A lever is taken out of the bill.

Mr. KUCHEL. I must say to the Senator that that part of the committee report which I read, namely, "The committee was impressed, however, with the argument that a percentage figure written into the law militates against the placement of a greater percentage of loans," is exceedingly persuasive to me.

Mr. MUNDT. Mr. President, will the Senator from Michigan yield?

Mr. POTTER. I yield to the Senator from South Dakota.

Mr. MUNDT. If the Senator from California will read the last paragraph under the subhead "Loans" on page 22 of the report, I think he will find it would be very helpful. That paragraph reads:

The committee's objective in rejecting the 30-percent loan requirement is to facilitate the use of an even greater percentage of the funds available in the form of loans. The committee attaches great importance to the maximum possible use of loans, and strongly urges the executive branch to move in this direction as rapidly as practicable.

If we desire to urge the executive branch to move in the direction indicated here, the amendment gives us the opportunity to urge the executive branch to move in that direction 75 percent of the time. I can think of nothing better which an administrator could have that would enable him to handle the fund in terms of loans instead of a giveaway than a mandate from Congress that 75 percent of the money shall be handled on a loan basis. Otherwise, we are going to find Gresham's law of money operating in this field as it operates in the usual field of currency and business—the poorest loan becomes the standard for all loans just as bad money always drives good money out of circulation.

The PRESIDING OFFICER. The time of the Senator from Michigan has expired.

Mr. POTTER. Mr. President, I yield myself 5 additional minutes.

Mr. MUNDT. If we grant money to country A, with no limitation that 75 percent of it must be in loans, country B will say, "You gave that to country A. Why not give it to me?" Then we give it to country B. So country C, on the other side of the Mediterranean, will say to us, "How come? Because we are on the north side of the Mediterranean instead of the south side, certainly you are not going to penalize us?" Gresham's law of money will come into operation; the donations to a few countries lead to the donation to all.

There must be put into effect some kind of limitation if we are ever going to stop overburdening the taxpayers of America, who need highways, irrigation projects, schools, and hospitals. The American taxpayers should not be taxed so they must forego getting the schools and other necessities they need, but

which they are asked to help build in Europe, India, Latin America, or somewhere else. We will have to dispose of our foreign-aid money on more business-like arrangements, unless we are going to run the program hopelessly into the ground.

I ask that the Senate accept the very constructive amendment which the Senator from Michigan has advocated.

Mr. POTTER. Mr. President, I am willing to yield back the remainder of my time.

Mr. WILLIAMS. Mr. President, will the Senator yield?

Mr. JOHNSON of Texas. The distinguished Senator from Georgia desires 3 minutes. I wanted to serve notice to that effect on the Senator from Michigan a while ago, because at the time I had the original conversation with him, I was asked to yield the time.

Mr. POTTER. I yield to the Senator from Delaware, and then I shall reserve the remainder of my time.

Mr. WILLIAMS. Mr. President, is it not a fact that prior to incorporating the 30-percent provision into the existing law about 2 years ago, practically none of the money was used in the form of loans, and only afterward, a couple of years ago, when Congress wrote the 30-percent provision into the law, were loans made in accordance with the provision? If we repealed that provision, we would go back to the original 100-percent giveaway, would we not?

Mr. POTTER. That is correct. The very argument used in the report as a basis for striking the provision from the law is an argument in favor of my amendment, for the 30-percent provision is the very thing that brought about the loan agreements.

Mr. MALONE. Mr. President, will the Senator yield?

Mr. POTTER. I yield to the Senator from Nevada.

#### POWER BEHIND THE PEACE CONFERENCE

Mr. MALONE. I should like to ask the distinguished Senator from Michigan a question. Based upon the premise that we need additional billions of dollars to build B-52's or the latest design sonic-speed bombers, which will fly from 5,000 to 7,000 miles and return without refueling, we need certain materials to build such airplanes and their production will be expensive. The greatest weight strength ratio metal known is titanium and such planes can only be produced through its use. We are producing 2,500 tons per year when we need 150,000. Because such construction would be expensive, the national-defense organization itself has hesitated to recommend that moneys be appropriated for adequate production of the metal for such purposes.

Last year the Senator from Nevada offered an amendment to a bill of the same type as that now before the Senate providing that unallocated or unexpended money, which I understand is again approximately \$9 billion, and the additional money to be appropriated under the bill at that time, be transferred to the administrator of national defense so as to provide for building the



necessary bombers, sonic-speed B-25's, or whatever may be the latest design. Since the building of such aircraft is expensive, the only way airplanes can be built that will fly from 5,000 to 7,000 miles and return without refueling, as well as fighters, interceptors, and necessary guided missiles and bases, is by transferring the unallocated balance and new money to the administrator of national defense for that purpose.

#### FOR THE AMENDMENT AND AGAINST BILL

I want to tell the Senator from Michigan that I am going to vote for his amendment and against the bill, and this year I intend to again offer the same amendment I offered last year.

I should like to ask the Senator from Michigan if he agrees with me that history has shown that the only way there can be success at an international peace conference is to have the necessary strength behind us at the conference?

Mr. POTTER. The Senator from Nevada is absolutely correct. I think he will agree with me that nations are not different from individuals in certain respects. I, as an individual, if I am dependent upon another individual, get a most uncomfortable feeling. But if I can enter into a business agreement, even though that business agreement may be in my favor, I have a feeling of partnership.

To a considerable extent in our foreign-aid programs I think there has been apparent the philosophy that we can buy friends with dollars. The Senator from Nevada knows, as well as I do, that we cannot buy the friendship of individuals or of nations with dollars. Friends are won by mutual respect.

I say that mutual respect can be gained by entering into a contractual agreement, even though the agreement may be all one-sided. At least there is a partnership arrangement, rather than the paternalistic attitude of handing out grants.

#### APPARENT WE CAN WIN THERE WILL BE NO FIGHT

Mr. MALONE. Mr. President, will the Senator yield further?

Mr. POTTER. I yield.

Mr. MALONE. I think the Senator is exactly right, that a nation is not different from an individual, in that if one is likely to lose a battle, he will not start it.

Mr. President, the Senator from Michigan has just said that nations are like individuals. I take it that he means that if the power of the United States were so great that there would be no doubt that we would win any battle in which we became engaged, probably there would not be such a battle or such a war, if we did not start it—and of course we would not start it.

Of course, there is no record that anyone ever attacked Jack Dempsey as he was walking down the street, if it was known who he was, because there would be a doubt as to who would win.

I say to the Senator from Michigan that a economic supplemental report, which will be ready soon, to the Senate Report No. 1627 of 1954, which showed that the Western Hemisphere can be defended and that we can become self-sufficient in the production of the critical

materials necessary to fight a war or live in peace.

If we should treat our taxpayers as well as we treat the foreigners and protect American jobs and investments then on the basis of fair and reasonable competition we will build up and stabilize our own economy.

If we had the number of bombers we need—perhaps 2,000 or 3,000 B-52's, the latest design—bombers which are able to fly 5,000 to 7,000 miles and drop their bombs, and return home without refueling; and if we had the number of interceptor and fighter—perhaps 10,000 to 15,000—planes we need, and guided-missile bases around North America and all the atomic-energy submarines we need—submarines which can go twice as fast as the older types—then does the Senator from Michigan believe it would be necessary for us to try to buy friends? Would we not have the necessary strength to spearhead the defense of any area necessary for the protection of this Nation?

Mr. POTTER. Mr. President, I believe that we have, although perhaps not a responsibility, at least a desire, which is a part of the American nature, to help peoples and countries who are in need. But I believe we should do so on a businesslike basis, rather than on a handout basis.

Mr. KNOWLAND. Mr. President, will the Senator from Michigan yield to me?

Mr. MALONE. Mr. President, I should like to complete my questions of the Senator from Michigan.

Mr. KNOWLAND. I think what I will state will be of help to both Senators.

Mr. MALONE. It merely interrupts my line of questioning.

Mr. POTTER. I yield to the minority leader.

Mr. KNOWLAND. I wish to point out to the Senator from Michigan something which perhaps he does not know, namely, that in the committee, although it is true that the so-called percentage amendment was rejected, it was rejected by a divided vote. Personally, I did not vote to reject or strike out the amendment.

Mr. POTTER. I thank the minority leader for that contribution to the debate. Let me say I also know that some responsible officials who are administering this program are desirous of having the loan feature retained in the bill.

Mr. MALONE. Mr. President, will the Senator from Michigan yield further to me?

Mr. POTTER. I yield.

#### ASSIST OUR NEIGHBORS

Mr. MALONE. I was trying to develop the point the distinguished Senator from Michigan had brought into the debate, namely, that we do owe our neighbors something. We should give them any help we can give them—just as in the case of a person living in a community. I believe in that principle. In the community in which we live, we contribute to the Red Cross and to the other worthy causes which will assist the community. But we do not mortgage or sell our home and give the money to the community, do we?

Mr. POTTER. We contribute according to our ability.

Mr. MALONE. At the present time the United States has a national debt of \$275 billion, and in addition, our country has the distinguished record, if I may term it such, of having guaranteed approximately \$140 billion or \$150 billion of other debts. The United States is also responsible for the guaranteed amounts exactly the same as the national debt.

Instead of having a national debt of \$275 billion, we, as a nation, owe approximately directly \$420 billion, an amount which added to the States and municipal debts is well in excess of the assessed value of the taxable property of the Nation.

Yet, the Members of Congress often seem impatient, when the vote is delayed through debate.

So we are virtually "selling our house" to help foreign people who, in turn, when we build industrial plants for them, first recognize our potential enemies, such as Communist China, and then sell to our potential enemies everything they need for either peace or war.

Such sales of materials are constantly being made to both Russia, the Iron Curtain countries, and to Communist China. Most of the nations we have aided have already recognized Communist China, and now the heat is on for us to not only recognize her, but to admit her to the United Nations. Many of our top officials are committed to, and are arguing for the recognition of Communist China by the United Nations, leaving Chiang Kai-shek's regime in the United Nations until he dies or resigns.

Of course the precedent has been set in Korea, Indochina, and India of dividing them in two parts, and now it is proposed that we do the same in the case of China.

#### USE OUR MONEY FOR NATIONAL DEFENSE

So I agree that this money should at the very least be handled on a loan basis.

But why not use the money for our national defense, so that there will be no question who would win any battle.

As a consequence, fights or wars involving us will not start. Does not the Senator from Michigan agree with me?

Mr. POTTER. Mr. President, other Senators will offer an amendment which will deal more directly with the suggestion the Senator from Nevada has made.

I am convinced that, particularly when we are dealing with the economic aid to be authorized under this bill, as much as possible of it should be handled on a loan basis. This amendment is very simple in every respect, and I cannot conceive that there will be opposition to it.

Mr. BARRETT. Mr. President, will the Senator from Michigan yield to me at this point?

Mr. POTTER. I promised to yield to the distinguished Senator from Louisiana [Mr. ELLENDER], who wishes to make a brief statement. But first I yield to the Senator from Wyoming, and then I shall yield to the Senator from Louisiana.

Mr. BARRETT. I thank the Senator from Michigan.



I intend to support the Senator's amendment; but it seems to me that the amendment is a very modest one. So I should like to ask a question about it.

As I understand the amendment of the Senator from Michigan, it will affect only approximately \$125 million of the \$165 million for development assistance, under this authorization bill.

Mr. POTTER. The 75-percent formula is to be applied to the \$165 million, and would produce approximately the figure the Senator from Wyoming has stated.

Mr. BARRETT. That would mean that the amendment would affect approximately 3½ percent of the total authorization provided by the pending bill; is that correct?

Mr. POTTER. That is correct.

Mr. BARRETT. I take it that the Senator from Michigan intended to restrict all the funds which will be available for economic assistance. How much of the remainder of the \$3,400,000,000 is, in fact, economic assistance?

Mr. POTTER. Mr. President, the question of the Senator from Wyoming of course is pertinent because we know that in the military-support portion of the bill, which authorization amounts to more than \$1 billion—a majority of it is, in essence, economic assistance. We also know that even in the case of the technical assistance program, a certain proportion of it is, in essence, economic assistance. I am fearful that even in respect to the military assistance portion of the bill, a portion of it is economic assistance.

In my amendment I have entirely left alone the military phases. My amendment applies to only a small piece of this giant pie; in other words, the amendment applies only to the economic assistance portion, or to approximately 4 percent of the total authorization.

Altogether, the 75-percent loan feature applies to the \$165 million portion of the bill.

Mr. BARRETT. If the Senator will yield further, I certainly agree with him that his amendment would place restrictions on a relatively small amount, approximately \$125 million, whereas I am sure that if the information were available to the Senate we would know that at least 10 times that amount, or perhaps more than that, is, in fact, economic assistance, even though it may be called something else.

Mr. POTTER. The Senator is correct.

Mr. ELLENDER rose.

Mr. POTTER. How many minutes does the Senator from Louisiana desire?

Mr. ELLENDER. Three minutes.

Mr. POTTER. I yield 5 minutes to the Senator from Louisiana.

Mr. ELLENDER. Mr. President, it is my judgment that the Senate should adopt this amendment. I have an amendment which I shall propose later, to strike out the entire authorization of \$165 million for development assistance, and in due time I propose to show why that should be done.

This fund of \$165 million is to be used as economic aid to supplement the technical aid program. When the technical

aid program was placed upon the statute books the distinguished Senator from Georgia [Mr. RUSSELL] offered an amendment which was accepted by the then chairman of the Foreign Relations Committee, Senator Connally. That amendment read as follows:

SEC. 509. The advancement of technical assistance or the preparation of plans for projects as authorized under this title does not constitute any obligation whatever on the part of the Government of the United States to make any loans or grants for the execution or construction of any project or for the completion of any program devised under this title. The President or the person administering this title under his direction shall give written notice to each recipient of funds or beneficiary under this title that such assistance in planning or programing shall not be construed as an obligation on the part of the United States to make funds available for the construction or execution of any project.

This language was modified later, and what now appears in the technical assistance portion of the law is this:

Nothing in this act is intended nor shall it be construed as an express or implied commitment to provide any specific assistance, whether of funds, commodities, or services, to any nation or nations, or to any international organization.

Mr. President, in spite of that language, what is happening in connection with the program for technical aid? I have found on my inspection trips abroad that when many of these programs were started and various countries were invited to join, they accepted only on condition that funds would be available for economic development. I could cite instance after instance in which our offer of technical assistance was unacceptable to a host country unless we also agreed to provide funds to actually construct and equip the projects that our technicians determined were necessary to raise the economy of the country and improve the health of its people.

As I have stated, this development-assistance fund, which is used in conjunction with technical aid, lends itself to a violation of the spirit of the law which we wrote upon the statute books. It is nothing more than economic aid—Marshall plan aid—which our planners are seeking to extend throughout the world. The name has been changed, but the function still remains economic aid, and therefore, Mr. President, I hope the Senate will approve the pending amendment. Even if the Senate does approve the amendment, which provides only that not less than 50 percent of the development assistance funds shall be made available as loans, in due time I shall offer an amendment to strike the entire \$165 million fund from the bill.

Mr. GEORGE. Mr. President, if the Senator from Michigan has concluded, I should like 2 or 3 minutes.

Mr. JOHNSON of Texas. Mr. President, if agreeable to the Senator from Michigan, I will yield back all my time except 5 minutes, which I will yield to the Senator from Georgia.

Mr. MUNDT. Mr. President, I should like 2 minutes.

Mr. POTTER. I yield 2 minutes to the Senator from South Dakota.

Mr. MUNDT. Mr. President, I did not intend to go into this subject any further. However, I take as my text an article just offered for the RECORD by the Senator from Connecticut [Mr. BUSH] for printing in the RECORD. He quoted the immortal words of a great American who said that he regretted that he had but one life to lose for his country.

I remind Senators that we have only one country to lose for the life of the world. I think we must give some serious attention to what we are doing lest we lose our own freedoms and weaken our security without really achieving permanently helpful results abroad.

Mr. MALONE. Mr. President, will the Senator yield?

Mr. MUNDT. If I can rely on the generosity of the Senator from Michigan for an additional minute, I shall be glad to yield.

Mr. POTTER. I can yield no further time.

Mr. MUNDT. Then I decline to yield.

Mr. MALONE. Mr. President—

Mr. MUNDT. I am sorry. I decline to yield.

Mr. POTTER. Mr. President, I yield 2 additional minutes to the distinguished Senator from South Dakota.

Mr. MUNDT. Then I yield to the Senator from Nevada.

Mr. MALONE. Who executed Mr. Hale?

Mr. MUNDT. I do not wish to enter into a discussion about Nathan Hale.

Mr. MALONE. Was it the British?

Mr. MUNDT. I wish to say something about the entire giveaway program. We should reappraise the entire giveaway program at this stage of the game. Remember, this program is now not something which will expire at the end of a certain period, as ECA was supposed to expire after July 1. This new program may never expire. We are now starting on a program to tax the American people permanently for foreign economic assistance. If we are not going to do it on a loan basis, we had better consider seriously the fact that we have only one country to lose for the people who live here.

Mr. JENNER. Mr. President, will the Senator yield?

Mr. MUNDT. I yield.

Mr. JENNER. Does not the Senator know that both the Secretary of State and Mr. Stassen have recently said, in public statements, that this program must become a permanent part of America's foreign policy.

Mr. MUNDT. I remember the statement made by Mr. Stassen in that connection. That is a statement which I think should give every Senator pause. We are doing this with our eyes open. Mr. Stassen says this program is permanent. It is not temporary.

I regret exceedingly that this amendment applies only to \$165 million of giveaway money. I wish it applied to the \$1,278,000,000 found on page 2, which is also giveaway economic aid.

The language in this report is pretty tricky. It is devised to fool the folks back home. The \$1,278,000,000 comes under the head of "Military assistance."



Let us assume, for the sake of argument, that that is all for guns, planes, tanks, and so forth. I doubt it.

Then we come to an item of \$1 billion for "Defense support." That is the new phrase for economic aid. That is what it is. The term "defense support" is just sugarcoating on the pill. It is clothing and shoes and food and supplies. However, defense is the word to conjure with. Therefore, we call it "defense support."

The next one is called development assistance. As this program goes on year after year we will find that eventually it will be called defense-development assistance, instead of plain development assistance. It will be called defense-development assistance to fool the folks back home. We might as well face the fact that this is a global giveaway program. It is a giveaway program of at least \$1,165,000,000, as to which the Senator from Michigan [Mr. POTTER] now modestly suggests that 75 percent of the \$165 million only should be on a loan basis. I say we should establish a real formula, a real criterion, and give a warning notice that America will not, forever, as Mr. Stassen says, continue this program and tax Americans to build schools and irrigation ditches all over the world.

I say Senators should seriously reflect on the effect on the countries that will get this money. In South America all the countries are now listed. We are giving something to all of them. The framers of the bill almost forgot Venezuela, but finally the committee included it for a few postage stamps down near the bottom of the list. They decided to give it 0.2 percent. I ask all Senators to watch that amount grow. Do any Senators think that Venezuela will be content to get 0.2 percent when some of its neighbors get as much as 2.7 percent? Naturally, Mr. President, the people of Venezuela are going to say, "How come we get only 0.2 percent, when other countries get 2.7 percent? What is wrong with Venezuela?"

How are we going to answer that, unless we have a rule of thumb or a criterion and say that part of it will be on a loan basis? If we are going to stay on the giveaway basis, we will have to set up a formula, and perhaps provide that we will give \$5 to every man, woman, and child all over the world. We are not going to make friends for America by cutting the world up into little camps and saying to one little camp, "We will give you only 0.2 of 1 percent," and say to another little camp, "We are going to give you 2.7 percent."

Mr. President, this is a device for dividing our friends, not for making friends.

The PRESIDING OFFICER. The time of the Senator from South Dakota has expired.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. MUNDT. I cannot yield. My time has again expired. The Senate apparently is much more liberal with its money than with its minutes.

The PRESIDING OFFICER. The Senator from Michigan [Mr. POTTER] has 1 minute remaining.

Mr. JOHNSON of Texas. Mr. President, I yield 1 minute to the Senator from South Dakota.

Mr. DOUGLAS. Mr. President, I should like to ask the distinguished Senator from South Dakota who drafted the program? Was it the Democratic Party or the Republican Party?

Mr. MUNDT. The Senator from Illinois is interested in politics, primarily politics, and only politics, because he has a former governor who is trying to get back into politics. I am interested here in foreign relations, not politics. I believe it would be better if the Senator from Illinois would keep political discussions for political arenas, and not indulge in them in this arena of foreign policy.

Mr. JOHNSON of Texas. Mr. President, I am prepared to yield back all my time except 5 minutes, if the Senator from Michigan is prepared to yield back all his time.

Mr. POTTER. I yield back my remaining time.

Mr. JOHNSON of Texas. Mr. President, I yield 5 minutes to the Senator from Georgia.

Mr. GEORGE. Mr. President, I would be the last man to inject politics into this debate. If Senators wish to defeat the bill, I ask them to defeat it openly, not underground. Senators are perfectly consistent when they say, as two Senators have said, "We are going to vote for the amendment and against the bill." That is consistency. That is perfect honesty, and it is following the rule.

Mr. President, this bill came from the executive branch of the Government. The earnest recommendation of the administration spokesman was that no limitation be put upon the development assistance funds, because development assistance is not granted upon the ability of a country to repay, but, rather, it is granted primarily upon the needs of a particular nation and upon the vital necessity of assisting it.

We provide no development assistance funds for Central or South America, I may say, with the exception of two countries, Bolivia and Guatemala. Surely no Senator who is advised of the facts believes that Bolivia would be able to repay 75 percent of a development assistance program. The primary purpose of assistance to Bolivia is to provide food for the people until they can develop their agriculture.

The administrators told us—and it is a fact of record—that in every instance where loans could be increased, they were increased. Let us take the case of India. India repaid 65 percent of the money she received under this program, although there is no such requirement in the law. However, when we write into the bill a requirement that the limitation must be 75 percent, we are taking assistance from countries that need it and giving the money to countries who are able to borrow it. Those countries should not get any grants if they can borrow the money.

We are doing our level best to make it possible for the administration—and we believe in it on this side of the aisle—to make loans, and then, so far as possi-

ble, to put the whole program on a loan basis.

That is all there is to this matter. The amendment does not apply merely to the \$165 million item. My friend, the Senator from Michigan [Mr. POTTER] is in error in that respect. It applies to any funds which may be transferred from any other funds for development assistance purposes. It might be technically possible to evade that plain commitment of law by transferring funds to the development assistance program and calling it something else.

If we were to have the development assistance program operate on a loan basis of 75 percent, it would be at least honest and fair to say that any funds transferred into the development assistance program, and any part of the special fund which the President could put into that program, should also be on a 75-percent repayment basis.

The purpose of the bill is to make it possible to increase the loans. We cannot do that by inserting a provision that certain countries must exhaust themselves in their capacity to borrow from any lending institution in the world by obligating itself to pay back 75 percent of this type of money, whereas a country next to it, whose existence and continuance is vital to the defense of this country, and vital to the defense of the free world, is not able to pay back 75 percent.

The PRESIDING OFFICER. The time of the Senator from Georgia has expired.

Mr. KNOWLAND. Mr. President, I offer an amendment to the amendment, to strike out "75 percent" and to insert in lieu thereof "50 percent."

The PRESIDING OFFICER. The amendment is in order.

Mr. POTTER. Mr. President, I will accept that amendment.

The PRESIDING OFFICER. The Chair advises the Senator from Michigan that he cannot accept the amendment, because the yeas and nays have been ordered on the amendment of the Senator from Michigan.

Mr. POTTER. Mr. President, I ask unanimous consent that my amendment may be modified by substituting 50 percent in lieu of 75 percent.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request?

Mr. JENNER. I object.

Mr. KNOWLAND. Mr. President, I do not expect to take more than 5 minutes, but I think the Senate should have an opportunity to vote on my amendment to the amendment offered by the Senator from Michigan.

In the first place, the vote in the committee to strike out the 30 percent provision was a divided vote. There were 11 members of the committee present at that particular time. The vote to strike out the provision was 7 to 4. So there was a division of opinion within the committee. I believe the Senator from Iowa [Mr. HICKENLOOPER] came in later. He indicated that he would have been opposed to the amendment. So that would have made a 7 to 5 vote had he been present.



If Senators will turn to page 12 of the bill they will see the limitation which the committee itself wrote into the bill in regard to the President's fund of \$200 million.

Mr. GEORGE. Mr. President, will the Senator from California yield?

Mr. KNOWLAND. I yield.

Mr. GEORGE. The Senator knows that was done in order to prevent placing a blank check at the disposal of the President.

Mr. KNOWLAND. That is correct, except the language reads as follows:

That not less than 50 percent of the funds appropriated pursuant to this section shall be available only for furnishing assistance on terms of repayment in accordance with the provisions of section 505, and not more than 25 percent of said funds may be allocated for assistance to any one nation.

So I think it is not inconsistent with the action which the committee took in regard to the other amendment.

It appears to me that there is a considerable amount of merit in the argument that 75 percent may be too high. Personally, I hope we can get to 75 percent or to 100 percent as soon as may be possible in the case of loans for the development fund. But I recognize the validity of the argument of the Senator from Georgia and of those who represent the administration that too high a percentage would be damaging, just as too low a percentage, such as the amount written into the bill last year of 30 percent, would be damaging. Some countries might say, "When we have borrowed up to 30 percent the remainder should be a gift."

But it seems to me that a 50-percent provision would show that the Congress was moving into a more firm position in regard to loans rather than grants, and would indicate that some progress was being made from year to year.

I believe the distinguished Senator from Michigan was quite correct when he said that had it not been for the 30-percent provision in the law there would not have been the progress in regard to loans which has been apparent up to this time.

The PRESIDING OFFICER. The Chair understands that to the unanimous-consent request of the Senator from Michigan the Senator from Indiana entered an objection, but that the Senator from Indiana has now indicated his desire to withdraw his objection. Is there objection now to the unanimous-consent request of the Senator from Michigan to modify his amendment?

Mr. GEORGE. Mr. President, I object.

The PRESIDING OFFICER. Objection is heard.

Mr. KNOWLAND. Mr. President, I yield 5 minutes to the Senator from New Mexico [Mr. CHAVEZ].

Mr. CHAVEZ. Mr. President, I have some definite ideas with reference to foreign aid. There is no question of my wishing to help foreign nations, but, Mr. President, the idea of making friends by dollar diplomacy is not good for the country. Instead of trying to make friends with foreign nations by appropriating money and giving it to them, would it not be better if the dignity of those

countries were protected by recognizing that they have some responsibility? If they wish to borrow some money, all right; but let us insist that they pay. We have to pay. The appropriation for the Defense Department is \$31,500,000,000, which is practically \$5 billion more than the amount appropriated for all the other departments of Government. That is an expense for which the American taxpayer will have to pay on the barrel-head. We are not making any friends by giving handouts. If they knew they had some responsibility, their dignity would be preserved. I care not whether it be a country of Latin America, Europe, or Asia, the American taxpayer should not be responsible for its upkeep. We have been buying opinion, and I do not think that is the proper thing to do.

Uncle Sam's country is so good that it is not necessary to spend the American taxpayers' money in order to make friends. Let us treat other countries with decency, with respect, no matter how poor they may be, but let us not give them handouts. I think it is unfair to the American people and it is unfair to foreign countries to follow such a policy. What respect can Latin America and Central America have for us when our approach is "We are going to give you so much money." Would we accept it under such conditions? Would not the average family like its boys and girls to have a little responsibility and work at Garfinkel's or Hecht's for a respectable sum of money for their own upkeep, or should money be handed out to them?

Mr. President, I am in favor of the pending amendment.

Mr. KNOWLAND. Mr. President, I wish to make a slight correction in my statement regarding the vote of the committee. The clerk of the committee informs me that the vote in the committee to strike out the provision for a limitation of 30 percent was 8 to 6. So it was a divided vote to that extent.

Mr. AIKEN. Mr. President, will the Senator from California yield?

Mr. KNOWLAND. I yield.

Mr. AIKEN. That vote, however, did not indicate a desire for a 75-percent provision.

Mr. KNOWLAND. No; that is quite correct. But I think the committee itself pretty generally agreed that the policy should be toward loans rather than grants.

Mr. AIKEN. The Department also agreed with that point of view.

Mr. KNOWLAND. Yes; that is correct.

Mr. JOHNSON of Texas. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. JOHNSON of Texas. The pending question is on agreeing to the amendment offered by the Senator from California [Mr. KNOWLAND] to the amendment offered by the Senator from Michigan [Mr. POTTER], is it not?

The PRESIDING OFFICER. That is the pending question.

Mr. JOHNSON of Texas. Under the unanimous-consent agreement, the majority leader controls the time in opposition to the amendment, does he not?

The PRESIDING OFFICER. That is correct.

Mr. JOHNSON of Texas. If no Senator wishes to speak in opposition to the amendment, I am prepared to yield back my time.

Mr. KNOWLAND. Mr. President, I yield 2 minutes to the Senator from North Dakota [Mr. LANGER].

Mr. LANGER. Mr. President, for the first time in the history of America Canadian money is worth more than is the money of the United States. Such a thing never happened until we instituted our foreign aid program.

I investigated the situation, and I found that Canada has given Great Britain nothing. Every time it sent money to England it got security at 100 cents on the dollar. That is the situation in Canada in spite of that country's relationship with England. Yet, Mr. President, we have been pouring out great sums of money.

I shall support the amendment, because I think it is a step in the right direction.

The PRESIDING OFFICER. The Chair understands that the Senator from Texas and the Senator from California are ready to yield back their time—

Mr. JOHNSON of Texas. Mr. President, I yield 1 minute to the Senator from New Jersey.

Mr. SMITH of New Jersey. Mr. President, I wish to make it clear that I am supporting the chairman of the committee and what I think is the majority view. We decided that the best way to approach this development-assistance program was not to have any limitation whatever on the division of loans and grants. I have been very much interested in the undeveloped countries of the world. I think we must have flexibility if we are going to deal with them and give them the aid which is necessary. Therefore, Mr. President, I oppose the amendment.

The PRESIDING OFFICER. The Chair now understands that the Senator from California and the Senator from Texas yield back the remainder of their time.

Mr. GEORGE. Mr. President, I merely wish to repeat that this particular change in the bill was recommended by the administration. It was an administrative proposal. It came to the committee with the full backing of the administrative officers who appeared before us. The majority of the committee were convinced that it was the best way to increase the amount of loans from any given fund, and the best way to accomplish that objective precisely. It was the controlling consideration with the committee in placing a limitation upon the \$200 million special fund, and restricting the power of the President to do as he pleased with so large a sum as \$200 million without any restrictions. The limitation is that 50 percent of the total amount shall be used on loan, and that not more than 25 percent shall go to any particular country in the Asian area. That was strictly a method of limiting the grant of the \$200 million fund only.



I hope the amendment will be rejected because, in my judgment, to agree to the amendment would put the bill on the way to becoming a loan program. Any effort to do that otherwise than by means now adopted will retard our efforts.

Mr. KNOWLAND. Mr. President, I ask that the yeas and nays be ordered on the amendment to the amendment.

The yeas and nays were ordered.

Mr. KNOWLAND. Mr. President, I yield 2 minutes to the senior Senator from Indiana.

Mr. CAPEHART. Mr. President, we are speaking about \$165 million out of a total of \$3,408,000,000. I have always been a strong advocate of lending. I have said on many occasions that I have never seen any necessity for giving away money; the money should always be disbursed in the form of loans. I still stand on that ground.

However, in this instance we are not talking about making 100 percent loans; we are talking about 75 percent loans—and then only 75 percent of the total of \$165 million. We are not speaking of a loan of 75 percent in each individual transaction.

If we were talking about 75 percent of each individual transaction being a loan, and 25 percent being a gift, the proposal might be effective.

But frankly, what I should like to propose, and may well do later, is an amendment that the \$165 million must be 100 percent in the form of a loan.

However, I shall not vote for the amendment offered by the senior Senator from Michigan, for the simple reason that, in my opinion, as one who has negotiated transactions in which money has been involved as loans, it is better to specify no amount at all than it is to specify, as in the bill, 30 per cent or 75 percent.

The PRESIDING OFFICER. The time of the Senator from Indiana has expired.

Mr. KNOWLAND. I yield 1 additional minute to the Senator from Indiana.

Mr. CAPEHART. I think it would be more proper to say that the funds shall all be advanced in the form of loans. But unless that is to be done, I do not believe the hands of the Administrator should be tied to the point where he must get back 75 percent. He may be able to get more, and it may be good business to get more in some instances. In other instances he may have to take less.

In any event, if there is to be a limitation of 75 percent, 50 percent, or 30 percent, it ought to be on each and every transaction, not 75 percent of one item. Otherwise we shall make enemies instead of friends, because one nation would get 75 percent as a loan, while another nation would get it as a gift.

The proper way to handle the situation is to advance all the funds as loans, or else to leave the amount at zero and to let the administration try to negotiate as they see fit.

Mr. JOHNSON of Texas. Mr. President, I yield 5 minutes to the distinguished senior Senator from Vermont.

Mr. AIKEN. Mr. President, what we are undertaking to decide is whether in

the future the United States will depend on military force alone for the protection of her people, or whether we shall invest a modest amount in the strengthening of the peoples of other countries, who naturally would be friendly to us and sympathetic to our Government and our objectives.

We shall have to decide—and we are helping to decide the question today—whether the United States in the future is to be a military nation, while it lasts, by putting every boy into the military service for no one knows how long, and making certain that he will go to foreign countries in the defense of our own country; or whether we shall, as I have said, through a modest investment in the strengthening of friendly nations try to bring about and perpetuate a lasting peace.

We do not like to spend money outside this country. However, it was not many years ago when we were investing \$7 billion annually for this program. The amount has been reduced in the bill to \$3,500,000,000.

I hope that neither the amendment offered by the Senator from Michigan nor the amendment offered by the Senator from California will be approved. As the Senator from Georgia [Mr. GEORGE] has so ably pointed out, even reducing the requirement for loans from 75 percent to 50 percent would not help the countries which need the help most; and the nations which are able to pay 65 or 75 percent are already being required to do so, if we have been correctly informed. I hope the amendments will be rejected.

The PRESIDING OFFICER. Is the Chair to understand that all time has now been yielded back?

Mr. JOHNSON of Texas. No, Mr. President; I yield 5 minutes to the junior Senator from Kentucky.

Mr. BARKLEY. Mr. President, at some later point in the discussion of the bill, I hope to express my views regarding the entire program at a little more length than I shall at this time.

To me, there is no more specious argument being urged against the measure, or any part of it, than the argument that we are trying to buy the friendship of nations and of people. We are not trying to buy their friendship; we already have their friendship. We are trying to make it possible for them to make their friendship effective, not only through military aid, but also through economic aid and aid proffered by the very section of the bill to which the amendment is offered. If we are justified in requiring that the 75 or 50 percent of the fund shall be on a loan basis, it is difficult to resist the argument that the entire amount should be on a loan basis.

I imagine that after World War I, the United States never had a greater friend than the nation and the people of Czechoslovakia, a new republic, created out of the travail of that war, and whose first president was Thomas G. Masaryk. I remember hearing Woodrow Wilson say that Mr. Masaryk was the greatest man with whom he came in contact at the Versailles Conference, which resulted in the peace treaty. The people and the government of Czechoslovakia were our

friends. But they fell. I believe that if the people of Czechoslovakia could vote now, and could have their votes counted as cast, they would still be our friends, and among the best.

But they are under the domination of the ruthless, godless enemies whom we are fighting, and whom we are trying to aid our friends to fight, in order that they may help us also to win the fight.

So we are not trying to buy friendship; we are trying to make the friendship effective. Not only in any great world crisis, but in combating the gradual process of Communist infiltration, it will be futile for us to give military aid unless the recipient nations are economically strong enough to use such aid. We have had some experience in giving military aid to countries whose people were being subverted. I do not wish to name at this moment any country in which that has taken place, but we have had that experience.

Mr. President, I should also like to advert to the criticism of the Senator from Indiana against Mr. Stassen. It is not incumbent upon me to defend this administration, or any member of it, but I recall that when Mr. Stassen was before the Committee on Foreign Relations I myself asked him whether we ought to deceive the American people into the belief that this was a 1-year proposition, or whether we ought to tell them frankly that so long as the present threat against us exists, we must continue the aid. I believe they should be told. In response to that question Mr. Stassen answered in the affirmative. We do not think the aid program is permanent. It is not. We hope the time may come in the very near future when we will be able to abandon the program because we will not need it. But so long as the threat is at our door, so long as we do not have world peace, we must endure the burdens which it is necessary to carry in order to fortify the free world against a threat which may be withdrawn at one place and projected in another.

I hope the amendment will be defeated.

Mr. KNOWLAND. Mr. President, I do not disagree with what the Senator from Kentucky [Mr. BARKLEY] has said relative to the importance of giving assistance so long as the threat to the free world endures. I do not disagree with the statements made by the distinguished Senator from Vermont on the necessity of some economic assistance, and of not relying on military assistance alone. But I submit the amendment to the amendment which I have offered does not run contrary to either of their contentions.

In the first place, the particular section with which we are now dealing does provide economic assistance. The only thing the amendment does is to say it is the policy of the legislative arm of the Government of the United States, in the 84th Congress, that at least 50 percent of the fund in this particular title should be expended in the form of loans, whereas the public policy stated by the legislative arm of the Government in the 83d Congress was that but 30 percent should be in the form of loans.



So, in my judgment, my amendment does not in any manner destroy economic assistance or the necessity for it, as indicated by the Senator from Vermont, nor does it destroy the fact that so long as danger exists, both military and economic, aid will be needed.

This particular amendment does not cut the total amount in the proposed legislation by a single dollar, but it does try to develop, from the viewpoint of the legislative arm of the Government, that we believe that as soon as possible the administration's own position, which is that we should extend the loan phase of the program, should be supported by legislative enactment of the Congress of the United States.

Mr. POTTER. Mr. President, will the Senator yield?

Mr. KNOWLAND. I yield to the Senator from Michigan.

Mr. POTTER. Is it not true that this is not a new gimmick; that the loan provision is in the existing law, so that the language which would be restored by the adoption of this amendment is identical to the language which is in the existing law?

Mr. KNOWLAND. The Senator is correct. What we are trying to do by the proposal is to say that under the Constitution the legislative arm of the Government, composed of the Senate and the House of Representatives, is given all legislative power. The Constitution does not say we have one-third of the legislative power. It does not say we have 50 percent of the legislative power. It does not say we have 90 percent of the legislative power. Article I of the Constitution says:

All legislative powers herein granted shall be vested in a Congress of the United States, which shall consist of a Senate and House of Representatives.

Last year, by votes of the Senate and the House, a 30-percent provision was written into the law. This year, to be sure, the administration, as it had a perfect right to do, suggested it preferred not to have the 30 percent limitation in the law. That matter was taken up in the committee. By a vote of 8 to 6, the committee supported the administration's point of view, but there was an honest difference of opinion in the committee.

The Senator from Michigan offered an amendment calling for a figure of 75 percent, which was a considerable increase from the 30 percent provision of last year.

In order to make an adjustment of the very reasoned arguments against making the figure as high as 75 percent, and somewhere between that amount and 30 percent, I offered the amendment providing for 50 percent, because I felt it was a reasonable amendment, and because the committee itself, in the section dealing with the \$200 million fund of the President of the United States, wrote that at least 50 percent of the amount would have to be ultimately loaned.

Mr. POTTER. Mr. President, will the Senator yield at that point?

Mr. KNOWLAND. I yield.

Mr. POTTER. Would not the objections which the chairman of the Committee on Foreign Relations has made to the loan feature of the \$165 million item also apply to the \$200 million in the President's fund? If the argument with regard to the \$165 million has merit, it certainly would apply to the \$200 million fund which was provided by the committee.

Mr. KNOWLAND. If the amendment, whether it provided for 75 percent, or 50 percent, as proposed in the amendment I have offered, or the original 30 percent written into the law last year, applied to all the funds, I think valid arguments could be made against it, because military assistance to certain countries certainly could not be on a loan basis. But the amendment applies only to the approximately \$165 million of the amount under the particular title to which the Senator has referred.

Mr. President, it seems to me there is nothing revolutionary about the proposal. There is nothing contrary to the established policy which the 83d Congress itself wrote into the law. It seems to me in writing the details of a bill we have a legislative responsibility to perform, and it is not unusual for us to exercise our independent legislative judgment.

Mr. LONG. Mr. President, will the Senator from Texas yield me 3 minutes?

Mr. JOHNSON of Texas. Mr. President, I yield 5 minutes to the Senator from Louisiana.

Mr. LONG. Mr. President, I shall vote against the amendment providing that 50 percent of the funds in question must be loaned.

The pending bill provides for economic aid to many countries. Military aid is provided in the bill, but, as the committee well points out, the emphasis is on economic aid and economic development of Asia.

Mr. President, it seems to me that, with respect to Asia, sooner or later we will have to decide which trend we are going to follow. Are we to follow the trend which was established with regard to Latin America, or follow the approach of the Marshall plan? There are three times as many people in Asia as there were people in countries affected by the Marshall plan. I think we did much good for Latin America through the offices of the Export-Import Bank, and in other ways.

In the case of foreign aid, why not do the same thing the Government does for a down-and-out farmer who may have lost his fruit crop because of a freeze? The Government lends him money. It is probable that no bank would make a loan to a down-and-out farmer who has lost his fruit crop by reason of a freeze. Nevertheless, the Government will make a loan to a farmer on a long-term basis. If the farmer does not pay the loan off, no one looks askance. Why should we look at a sovereign nation as more deserving than a bankrupt farmer? When the loan is made to a farmer, we expect him to pay it back. If he is unable to, it is all right; but if he can pay it back, that is all right too.

We have our agents going to different nations and telling them they ought to build railroads, or dig deep wells, or erect manufacturing plants or establish small industries, and otherwise develop their economies. Our agents tell those countries they can get money under the point 4 program. Should our agents tell them that the money will be given to them from Uncle Sam's Treasury, or tell them that they can borrow the money with which to develop their economies. It seems to me this Government should decide whether we will help develop Asia in the way we helped countries under the Marshall plan, or as we helped Latin America.

For that same reason I shall support the amendment, because I think it is a step in the right direction, although I shall vote against the 50 percent provision, for I would prefer that 75 percent be earmarked for loans.

Mr. MUNDT. Mr. President, will the Senator from Louisiana yield to me?

The PRESIDING OFFICER (Mr. BIBLE in the chair). Does the Senator from Louisiana yield to the Senator from South Dakota?

Mr. LONG. I yield.

Mr. MUNDT. I think the Senator from Louisiana answered my question in his concluding sentence. In other words, I understand that it is his purpose to vote against the pending amendment, in order that we can provide that at least 75 percent of the funds shall be placed under this program.

Mr. LONG. That is my hope.

Mr. JOHNSON of Texas. Mr. President, I yield 5 minutes to the distinguished Senator from Minnesota [Mr. HUMPHREY].

The PRESIDING OFFICER. The Senator from Minnesota is recognized for 5 minutes.

Mr. HUMPHREY. Mr. President, the minority leader has stated a strong case for his amendment to the amendment of the Senator from Michigan. I think I am correct when I say that in the committee the minority leader and I voted on the same side, in terms of striking from section 201, which is under the heading "Development Assistance," the following proviso:

Except that 30 percent of the funds appropriated pursuant to this subsection shall be available only for furnishing assistance on terms of repayment in accordance with section 505.

Section 505 sets forth the details.

Mr. President, when I voted to sustain that 30 percent limitation, I thought it was wise to do so, in order that the act would contain a directive that the administrators should loan at least 30 percent, rather than leave it in the form of grants. In the committee there was considerable discussion of this matter.

Mr. President, consistency has been referred to. Let me say that I do not believe one proves he is correct, merely by showing that he is being consistent, when he may be consistently wrong.

I have reexamined the vote in the committee, and I have reached the conclusion that the argument of the administrators of the Foreign Operations



Administration was a valid one. They argued that this provision of section 201, which it is now proposed to change from 30 percent to 50 percent, should be stricken out, because in their negotiations with foreign countries the percentage limitation was oftentimes looked upon as a ceiling. They testified before our committee that in the case of some countries they would like to have up to perhaps 75 percent or 80 percent of the funds handled as loans, and yet with the 30 percent provision—and sometimes up to 50 percent—looked upon by our negotiators, as well as by the other countries, as a ceiling.

I am surprised that the minority leader does not have faith in those who are administering the program. After all, they seem to be men who were selected by his responsible leader and by our responsible leader. The men who are administering the program have stated to our committee that it is their objective to get more and more of the funds for development assistance into the form of loans. The committee stated its desire to have more and more of the funds handled as loans; and I was one of the members of the committee who insisted that the administration direct its attention to long-term loans at low rates of interest. The officials replied that in some countries loans could be negotiated, and in some countries both loans and grants would be required, and in some countries more loans and less grants would be required, and in other countries less loans and more grants would be required. The responsible officials stated that they needed to have authority for flexibility, in order to get the job done.

Mr. President, we are not talking about billions of dollars. This particular section relates to approximately \$160 million—plus. I am convinced that the pattern which was revealed to our committee indicates beyond a shadow of a doubt that the present tendency in connection with this program is for more and more of the funds to be in the form of loans. But I believe it would be unwise to shackle the hands of our administrators, particularly in the case of Asian aid, because for many of those countries a grant frequently is necessary in order to make a loan an acceptable financial device.

In this case, do we wish to prove that we are good bankers, or do we wish to prove that we are competent foreign-policy strategists and performers? Are we seeking results, or are we seeking a paper record showing that so many dollars are on loan at a certain rate of interest?

Frankly, Mr. President, I am worried about the interest rate which the administration may determine to charge. I think it is best to permit those who are administering the program to come back before us and be subject to scrutiny about their performance in accordance with their word of honor; and their word of honor to us was that they would press to have more and more and more of this money utilized as loans.

The PRESIDING OFFICER. The time of the Senator from Minnesota has expired.

Mr. JOHNSON of Texas. Mr. President, I yield 2 additional minutes to the Senator from Minnesota.

The PRESIDING OFFICER. The Senator from Minnesota is recognized for 2 more minutes.

Mr. HUMPHREY. I thank the Senator from Texas.

Mr. President, the Administrator pleaded with the members of the committee—and I leave it to the chairman of the committee to correct me, if what I am saying is not the truth—not to put them in an economic straitjacket. The officials told us that if we would permit them to have flexibility they could have more of the money put into loans, and could do a better job with the dollars authorized by Congress.

Mr. President, no Member of the Senate believes more strongly than I do in the loan principle. I say most respectfully that I spoke in favor of that principle before our good friend, the Senator from Michigan, made his statement on this matter. I spoke in favor of that principle before the program was authorized. Let me point out that earlier this year the distinguished Senator from Montana said he thought more of this money should be in the form of loans. But, Mr. President, we must trust someone. Those who are running the program say they know what they must have. They say they know they can do a better job with the taxpayers' dollars if we do not impose inflexible rules.

Mr. President, we must resolve any doubts we have in favor of the pledge of honor, given to 15 members of the Foreign Relations Committee, as to how the money will be used. I am willing to give the administrators a chance to prove to us that we can rely upon their pledge of honor. In 6 months' time they will have to report to Congress, under the provisions of the bill. In 6 months' time they will have to tell us what they have been doing. Why not let them proceed for 6 months, so that we can see whether we can really trust the word of the administrators? Mr. President, I ask my Republican friends this question: If a Democratic Senator is willing to trust their administrators, why do not my Republican friends trust them?

Mr. CHAVEZ. I do not trust them.

The PRESIDING OFFICER. The time of the Senator from Minnesota has again expired.

Mr. ELLENDER. Mr. President, I should like to ask a question.

Mr. JOHNSON of Texas. Mr. President, I control the time in opposition to the amendment.

Mr. KNOWLAND. Mr. President, I yield 1 minute to the Senator from Louisiana.

The PRESIDING OFFICER. The Senator from Louisiana is recognized for 1 minute.

Mr. ELLENDER. I thank the Senator from California.

Mr. President, I have listened to the arguments which have been advanced by my friend, the Senator from Minnesota [Mr. HUMPHREY]. I wonder why the committee did not take the same position in regard to the fund of \$200 mil-

lion, which the bill will allow the President to dole out?

Mr. HUMPHREY. Mr. President, I can answer that question.

Mr. ELLENDER. Because, as I understand, in that case it seems to me that it is equally desirable that we provide "that 30 percent of the funds appropriated pursuant to this subsection shall be available only for furnishing assistance on terms of repayment in accordance with section 505."

Mr. HUMPHREY. Mr. President, the Senator from Louisiana has a valid point, and I shall give him a valid and honorable answer.

First, the \$200 million fund is not programmed, and every Member of the Senate knows it. The \$200 million is an Asian regional fund, a special fund that the President will be able to use to meet contingencies which as yet are not known. That matter was argued in the committee. Some members of the committee were very much disturbed that such loose authority was proposed to be given to the President.

I say again that I reconciled my doubts in favor of the Chief Executive. I, too, have plenty of criticisms of the Chief Executive, but, Mr. President, I reconcile my doubts in his favor.

What is the difference between the \$200 million fund and the funds for development assistance? The funds for development assistance are for planned programs, and we know exactly where the money will go.

The PRESIDING OFFICER. The time of the Senator from Minnesota has again expired.

Mr. JOHNSON of Texas. Mr. President, I yield 2 additional minutes to the Senator from Minnesota.

The PRESIDING OFFICER. The Senator from Minnesota is recognized for 2 more minutes.

Mr. HUMPHREY. Mr. President, already negotiations are underway, under the terms of this future authorization, for loans under section 201. Those funds are an entirely different set of funds. The \$200 million of the President is something that is as yet unplanned, uncharted, unscheduled, unprogrammed. It is a contingency fund, to meet what may be a disastrous situation in the Asian region. In other words, we have given to the President the extra money he may need to meet a catastrophe, to meet a shift in Soviet policy, or to meet an immediate situation which may arise in that area. What we did in connection with that fund, in order to tie down the President's hands a little more, was to require a loan basis. But when it comes to the section we are now discussing, section 201, this is programming that was done 3 or 4 months ago. So we know where the money is to go. We have been in negotiations with certain countries.

My plea to my colleagues is: Do not be so suspicious. First of all, the State Department and the Foreign Operations Administration told our committee that they could lend much more than 30 percent if they were left alone. They told us that the last limitation we wrote into the law tied their hands. They told us they could have had many more mil-



lions of dollars out on loan if we had not inserted a percentage figure in the law.

I have thought this problem through carefully. I voted wrong once in committee, and I wish to correct my vote. If we write into the act the kind of limitation language now proposed, all we shall be doing will be compounding a misdeed. We shall be indicating that we have no regard for, no trust and no faith in, those administering the program; and possibly we shall be tying them down to uneconomic negotiations.

Mr. KNOWLAND. Mr. President, I yield back the remainder of my time.

Mr. JOHNSON of Texas. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time has been yielded back.

Mr. JOHNSON of Texas. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	George	McNamara
Barkley	Goldwater	Millikin
Barrett	Green	Monroney
Beall	Hayden	Morse
Bender	Hickenlooper	Mundt
Bennett	Hill	Neely
Bible	Holland	Neuberger
Bricker	Hruska	Pastore
Bridges	Humphrey	Payne
Bush	Ives	Potter
Butler	Jackson	Purtell
Byrd	Jenner	Robertson
Capehart	Johnson, Tex.	Russell
Carlson	Johnston, S. C.	Saltonstall
Case, N. J.	Kefauver	Scott
Chavez	Kerr	Smathers
Cotton	Kilgore	Smith, Malne
Curtis	Knowland	Smith, N. J.
Daniel	Kuchel	Sparkman
Dirksen	Langer	Stennis
Douglas	Lehman	Symington
Duff	Long	Thurmond
Dworshak	Magnuson	Thye
Eastland	Malone	Welker
Ellender	Mansfield	Wiley
Ervin	Martin, Iowa	Williams
Flanders	Martin, Pa.	Young
Frear	McCarthy	

The PRESIDING OFFICER. A quorum is present.

The question is on agreeing to the amendment offered by the Senator from California [Mr. KNOWLAND] to the amendment of the Senator from Michigan [Mr. POTTER]. On this question the yeas and nays have been ordered.

Mr. JOHNSON of Texas. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. JOHNSON of Texas. The vote is on the amendment of the Senator from California [Mr. KNOWLAND] to the amendment of the Senator from Michigan [Mr. POTTER]; is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. MAGNUSON. Mr. President, I do not wish to take any time of the Senate. I ask unanimous consent to have printed in the RECORD at this point, before the vote, a statement which I have prepared pertinent to the bill.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

#### ADMINISTRATION POLICY IN NEAR EAST

Debate on the mutual security program furnishes an appropriate opportunity to

make a statement about the policy which the administration is now pursuing in the Near East.

I have had strong reservations about that policy for some time. I am referring to the fact that the Department of State is now furnishing arms to Iraq without requiring that government to abandon its war against Israel. In my view—and many share this view—this prejudices the chances of obtaining an Arab-Israel peace.

There is much sentiment in the country for a bipartisan foreign policy. It is desirable to maintain a united front so that we may effectively mobilize all our resources in defending freedom from Communist aggression. But I doubt whether our current policy in the Near East responds to our best national interest, and I am therefore impelled to put my misgivings into the record.

This is not the first time I have had occasion to criticize the Department of State's policy in the Near East. Several years ago when there were powerful interests in the Department who were opposed to the establishment of the state of Israel and who almost succeeded in scrapping the U. N. partition decision, I was one of those who continually challenged that policy. That was during the days of a Democratic administration. I did not hesitate to criticize the State Department when Democrats were making mistakes. I see no reason why I should hesitate to speak out today, when it is the Republicans who are making the blunders.

Our purpose in the Near East today is to fill the vacuum in that region and strengthen it against Communist aggression or subversion. But we will not succeed in this purpose unless we enlist all the states in that area. We will not be able to do that effectively, unless these states make peace and reach regional defense arrangements.

In my view, the policy of shipping arms to Iraq strikes a blow at an effective defense arrangement in the Near East, not only because it endangers Israel, but because it alienates the other Arab states.

So far as Israel is concerned, the reason for that country's alarm is clear and manifest. If we arm Iraq or any other Arab state and we exclude Israel from our defense planning, we play into the hands of those who don't want an Arab-Israel peace; we raise the hopes of Arab extremists that they can have another round against Israel; we don't take advantage of the defense potential of the Israel army, which is by far the strongest force in the region next to Turkey; and we keep the entire region in the kind of tension and turmoil that the Communists welcome and exploit.

But Israel is not the only country in the Near East that resents our current policy. There has been a violent reaction in Egypt where the Iraq-Turkish treaty—negotiated with our blessing—was bitterly attacked. Egypt rejected an arms agreement with us, and today Egypt is more neutralist than it ever was before.

It is a mistake to think that the Arab-Israel conflict is the only source of disagreement and tension in the Near East. There are many. There are tensions within the Arab world, hostilities between families, jealousies and rivalries between states and their rulers. Our program to arm Iraq must surely be resented in Syria which may some day lose its independence and be swallowed up if Iraq's expansionist plans are ever carried out. Indeed, at this very moment there is growing tension inside Syria, as a result of apprehensions over Iraq's ambitions to dominate the fertile Crescent.

Iraq has always wanted to annex Jordan, and Saudi Arabia is in a continuing feud with both countries and it has also rejected our arms overtures. Was it really a sound decision to prefer Iraq over her Arab neighbors and to send her weapons which could be used not only against Israel but against other Arabs? Did we really gain

friends this way, or did we lose more than we gained.

Now I believe that we must do everything to win the friendship of both the Arab peoples and the Israelis. But we can accomplish that by economic assistance and point 4 and do it much more effectively than by passing out guns to the palace guard. We are not likely to win many friends among the Arab peoples if we put guns into the hands of soldiers whose real enemies are the diseases endemic in their neighborhood. We should be giving the Near East the kind of weapons that will lengthen lives, not shorten them.

If anyone could prove to me that the sending of arms to Iraq would really strengthen the region against the Kremlin, I would not be on the floor here today. But the most vigorous exponents of this policy have always been frank to concede that our military buildup in the region is really political. They have repeatedly assured us that the guns we are sending to Iraq could not injure Israelis and we may assume that a military force unable to affect Israel would not be likely to cause tremors in the Kremlin. Then what is the reason for this program? Well, we are told that the reason is to secure stability; to shore up existing regimes, and to win them over to our side.

But this is dangerous policy, because we can never be sure that our arms are going to the right people. All of us remember that Mr. Dulles tossed a revolver on the desk of Prime Minister Naguib in Cairo when he visited the Middle East about 2 years ago. It was a gift from President Eisenhower. This was a curious symbol of American friendship. There are better ways of interpreting America's meaning to the peoples of Egypt. But, apart from that, we are entitled to ask, what became of that pistol? Naguib is no longer in power. He has been deposed by Nasser. He has gone the way of many Arab rulers. And that emphasizes the real danger. When our guns are used to shore up existing dictatorial regimes, which do not rest on the consent of the governed, what guaranty do we have that we are supporting the right regimes? Which coup d'etat is the right coup d'etat? How can we be sure that our guns won't be used to repel democratic change and to repress the majority? I question whether this is really the way to win the friendship of the Arab people.

One could elaborate on this issue at length. A review of the violent political changes in the Near East would demonstrate the futility and the danger of an arms program for the area at this time. Iraq's own record is not encouraging. That state has had seven military coup d'etats since 1936. It was the one state in the Near East which was so much dominated by Nazi influence that it went over to the Nazi side in 1941 and its army, which has never given any respectable account of itself, either in World War II or in the Iraqi invasion of Israel, had to be subjugated by small allied detachments. The Iraqis have never seemed to get over the effects of Nazi propaganda for they have always been virulently anti-Israeli and anti-Jewish. They still refuse to sign an armistice agreement with Israel. The ancient Jewish population of Bagdad was the victim of mass murders in 1941—Jews have been publicly hanged in Iraq within recent years—and in 1951, the entire Jewish community of 120,000 which lived in the area far longer than the Arabs—fled to Israel, leaving homes and possessions behind.

While we vote to send arms to Iraq—arms which are paid for by all our taxpayers—we should bear in mind that some of our taxpayers are not permitted to enter Iraq. No Jews—whether they be Israelis, or whether they be British Jews or whether they be American Jews—are permitted to go into this country.

I would most strongly urge the Department of State to take another look at this arms policy. I hope that it will decide to with-



hold further arms shipments to that country until it has publicly declared that it is ready to live at peace with Israel. There has been not the slightest sign of an improvement in Iraq's attitude since we began to send our arms to that country. On the contrary, their leaders appear to be more belligerent than ever and they make no secret of their determination to reverse their defeat of 1948. Moreover, there is already evidence that these arms shipments will not achieve their alleged purpose, for the first consignment brought us a reaction of disappointment.

Let me read a dispatch from Bagdad which appeared in the New York Times on January 14, from which I quote:

"Considerable disappointment was expressed here when the first United States shipment, said to have been composed exclusively of vehicles and engineer equipment, arrived, at Basra December 19. Opposition Deputies in Parliament wanted to know why heavy weapons had not been delivered and they charged that the United States program had been cut to \$25 million a year.

"The Government replied that United States material would be initially devoted to increasing the mobility and improving the communications of Iraq's forces. Negotiations on larger items are now in progress, it was said."

The way to repel the Communist menace is to give the average man and woman some stake in society, to give him food and clothing and shelter and education and some technical knowhow. If this is what America will stand for to the people of the Middle East, then we need not worry about Communist aggression and subversion. But if America stands for nothing but guns—all the military aid we can send at this time will be of no avail in the continuing war against the Communist propagandist and saboteur.

Finally, I would like to serve notice on the administration that it is my intention, as a member of the Appropriations Committee, to oppose any further appropriations for military aid to the Arab States, unless and until there is some clarification and improvement in the present situation. I hope that I will be joined in this position by members on both sides of the aisle. For I believe that many of us in both parties are agreed that our country's highest interests in the Middle East will be best served by a positive policy which emphasizes the paramount need for peace and cooperation.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from California [Mr. KNOWLAND] to the amendment of the Senator from Michigan [Mr. POTTER]. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. MALONE (when his name was called). Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MALONE. The amendment of the Senator from California to the amendment of the Senator from Michigan reduces the amount which must be in the form of loans from 75 percent to 50 percent. Is that correct?

The PRESIDING OFFICER. That is a correct statement.

The Chief Clerk resumed and concluded the call of the roll.

Mr. JOHNSON of Texas. I announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Kentucky [Mr. CLEMENTS], the Senator from Ar-

kansas [Mr. FULBRIGHT], the Senator from Tennessee [Mr. GORE], the Senator from Missouri [Mr. HENNINGS], the Senator from Arkansas [Mr. McCLELLAN], and the Senator from Wyoming [Mr. O'MAHONEY] are absent on official business.

The Senator from Massachusetts [Mr. KENNEDY] is necessarily absent.

The Senator from Montana [Mr. MURRAY] is absent by leave of the Senate to attend the International Labor Organization meeting in Geneva, Switzerland.

I also announce that the Senator from Kentucky [Mr. CLEMENTS] is paired with the Senator from Arkansas [Mr. McCLELLAN]. If present and voting, the Senator from Kentucky would vote "nay" and the Senator from Arkansas would vote "yea."

I further announce that if present and voting, the Senator from New Mexico [Mr. ANDERSON], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Missouri [Mr. HENNINGS], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Montana [Mr. MURRAY], and the Senator from Wyoming [Mr. O'MAHONEY] would each vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Colorado [Mr. ALLOTT] is absent on official business.

The Senator from South Dakota [Mr. CASE] and the Senator from Kansas [Mr. SCHOEPPEL] are absent by leave of the Senate.

The Senator from Utah [Mr. WATKINS] is absent on official business for the Committee on the Judiciary.

If present and voting, the Senator from Colorado [Mr. ALLOTT] and the Senator from Kansas [Mr. SCHOEPPEL] would each vote "nay."

The result was announced—yeas 33, nays 50, as follows:

#### YEAS—33

Barrett	Eastland	Martin, Iowa
Bible	Ellender	Martin, Pa.
Bricker	Frear	Millikin
Bridges	Goldwater	Morse
Butler	Hickenlooper	Potter
Byrd	Hruska	Robertson
Chavez	Jenner	Russell
Cotton	Kerr	Thurmond
Curtis	Knowland	Thye
Dirksen	Kuchel	Williams
Dworshak	Langer	Young

#### NAYS—50

Aiken	Hill	Mundt
Barkley	Holland	Neely
Beall	Humphrey	Neuberger
Bender	Ives	Pastore
Bennett	Jackson	Payne
Bush	Johnson, Tex.	Purtell
Capehart	Johnston, S. C.	Saltonstall
Carlson	Kefauver	Scott
Case, N. J.	Kilgore	Smathers
Daniel	Lehman	Smith, Maine
Douglas	Long	Smith, N. J.
Duff	Magnuson	Sparkman
Ervin	Malone	Stennis
Flanders	Mansfield	Symington
George	McCarthy	Welker
Green	McNamara	Wiley
Hayden	Monroney	

#### NOT VOTING—13

Allott	Gore	O'Mahoney
Anderson	Hennings	Schoeppel
Case, S. Dak.	Kennedy	Watkins
Clements	McClellan	
Fulbright	Murray	

So, Mr. KNOWLAND's amendment to Mr. POTTER's amendment was rejected.

The PRESIDING OFFICER. The question recurs on agreeing to the

amendment of the Senator from Michigan [Mr. POTTER].

Mr. JOHNSON of Texas. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Texas will state it.

Mr. JOHNSON of Texas. Have the yeas and nays been ordered on the Potter amendment?

The PRESIDING OFFICER. The yeas and nays have been ordered on the Potter amendment.

Mr. JOHNSON of Texas. I understand that all time on the Potter amendment has been yielded back. Is that correct?

The PRESIDING OFFICER. All time on the Potter amendment has been yielded back.

Mr. JOHNSON of Texas. The yeas-and-nay vote will now be on the question of agreeing to the Potter amendment. Is that correct?

The PRESIDING OFFICER. The yeas-and-nay vote will be on the Potter amendment.

Mr. HUMPHREY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Minnesota will state it.

Mr. HUMPHREY. Is the Potter amendment the 75-percent loan limitation amendment?

The PRESIDING OFFICER. The Senator is correct. The question is on agreeing to the amendment offered by the Senator from Michigan [Mr. POTTER]. The Secretary will call the roll.

The Chief Clerk called the roll.

Mr. JOHNSON of Texas. I announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Kentucky [Mr. CLEMENTS], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Tennessee [Mr. GORE], the Senator from Missouri [Mr. HENNINGS], the Senator from Arkansas [Mr. McCLELLAN], and the Senator from Wyoming [Mr. O'MAHONEY] are absent on official business.

The Senator from Massachusetts [Mr. KENNEDY] is necessarily absent.

The Senator from Montana [Mr. MURRAY] is absent by leave of the Senate to attend the International Labor Organization meeting in Geneva, Switzerland.

I also announce that the Senator from Kentucky [Mr. CLEMENTS] is paired with the Senator from Arkansas [Mr. McCLELLAN]. If present and voting, the Senator from Kentucky would vote "nay" and the Senator from Arkansas would vote "yea."

I further announce that if present and voting, the Senator from New Mexico [Mr. ANDERSON], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Missouri [Mr. HENNINGS], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Montana [Mr. MURRAY], and the Senator from Wyoming [Mr. O'MAHONEY] would each vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Colorado [Mr. ALLOTT] is absent on official business.

The Senator from South Dakota [Mr. CASE] and the Senator from Kansas [Mr. SCHOEPPEL] are absent by leave of the Senate.



The Senator from Utah [Mr. WATKINS] is absent on official business for the Committee on the Judiciary.

The Senator from New Hampshire [Mr. BRIDGES] and the Senator from Indiana [Mr. CAPEHART] are detained on official business.

On this vote the Senator from Colorado [Mr. ALLOTT] is paired with the Senator from Kansas [Mr. SCHOEPPLE]. If present and voting the Senator from Colorado would vote "nay" and the Senator from Kansas would vote "yea."

The result was announced—yeas 29, nays 52, as follows:

#### YEAS—29

Barrett	Ellender	Millikin
Bible	Goldwater	Mundt
Bricker	Hruska	Potter
Butler	Jenner	Robertson
Byrd	Knowland	Russell
Chavez	Langer	Thurmond
Cotton	Long	Welker
Curtis	Malone	Williams
Dworshak	Martin, Pa.	Young
Eastland	McCarthy	

#### NAYS—52

Alken	Hickenlooper	Morse
Barkley	Hill	Neely
Beall	Holland	Neuberger
Bender	Humphrey	Pastore
Bennett	Ives	Payne
Bush	Jackson	Purtell
Carlson	Johnson, Tex.	Saltonstall
Case, N. J.	Johnston, S. C.	Scott
Daniel	Kefauver	Smathers
Dirksen	Kerr	Smith, Maine
Douglas	Kilgore	Smith, N. J.
Duff	Kuchel	Sparkman
Ervin	Lehman	Stennis
Flanders	Magnuson	Symington
Frear	Mansfield	Thye
George	Martin, Iowa	Wiley
Green	McNamara	
Hayden	Monroney	

#### NOT VOTING—15

Allott	Clements	McClellan
Anderson	Fulbright	Murray
Bridges	Gore	O'Mahoney
Capehart	Hennings	Schoeppel
Case, S. Dak.	Kennedy	Watkins

So Mr. POTTER's amendment was rejected.

#### MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, its reading clerk, announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 3990. An act to authorize the Secretary of the Interior to investigate and report to the Congress on projects for the conservation, development, and utilization of the water resources of Alaska; and

H. R. 6499. An act making appropriations for the Executive Office of the President and sundry general Government agencies for the fiscal year ending June 30, 1956, and for other purposes.

#### HOUSE BILLS REFERRED

The following bills were each read twice by their titles and referred, as indicated:

H. R. 3990. An act to authorize the Secretary of the Interior to investigate and report to the Congress on projects for the conservation, development, and utilization of the water resources of Alaska; to the Committee on Interior and Insular Affairs; and

H. R. 6499. An act making appropriations for the Executive office of the President and sundry general Government agencies for the fiscal year ending June 30, 1956, and for other purposes; to the Committee on Appropriations.

#### MUTUAL SECURITY ACT OF 1955

The Senate resumed the consideration of the bill (S. 2090) to amend the Mutual Security Act of 1954, and for other purposes.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. ELLENDER. Mr. President, I offer an amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from Louisiana.

The LEGISLATIVE CLERK. It is proposed, on page 4, line 6, to strike out "\$70 million" and insert "\$35 million."

On page 4, line 8, strike out "\$102 million" and insert "\$51,250,000."

On page 4, line 10, strike out "\$827,800,000" and insert in lieu thereof "\$413,900,000."

Mr. ELLENDER. Mr. President, the amendment which has just been stated is one of a series of amendments which I propose to offer, which together will cut from the bill a total of \$1,013,650,000.

For the past several days I have been quite busy trying to make a complete study of the pending bill, in all its implications, and the Senate Foreign Relations Committee's report and other data which were available to me.

Mr. President, several months ago when it was stated that the administration proposed an economic-aid program for Asia, as I recall, there was quite a flurry among Senators and Representatives, many of whom publicly announced their opposition to such a program. They took the position that they did not desire to have our Government start in Asia what had been going on in Europe since 1948; in other words, they did not feel that our Government should embark upon an economic-aid program for Asia.

A careful study of the bill will indicate that the greater portion of the funds authorized represent nothing but economic-aid expenditures. In the series of amendments which I propose to offer to the pending bill—amendments which seek to curtail the total authorization by \$1,013,650,000—I have not touched the \$1,278 million which is included in the bill for direct military aid. As Senators will note from the bill, and also the report, there has been no allocation made of this direct military aid authorization. There is practically no information in the report to indicate how these funds are to be used, and nothing to show to which countries they will be allocated. I concluded that since most of the data in connection with the direct military aid are of a secret nature, and has not as of this moment been revealed to us, it would be difficult for me to now suggest any specific cuts in the direct military aid authorization. It is my intention, however, to give that phase of the program very careful scrutiny when our Appropriations Committee is called upon to appropriate funds under the authority contained in the pending bill.

Mr. President, as I have stated, I have a series of amendments to offer. In these opening remarks, I shall make a general statement which will be pertinent to all of them. I shall ask the in-

dulgence of the Senate while I discuss some of the background concerning our present foreign aid program, and present my case in support of all of the amendments which I shall offer to the bill. I hope to do this within an hour, but if I am unable to do so, I shall ask the leadership to permit me to finish my statement, provided, of course, it will not require more time than would be allotted to me if I presented each amendment and requested 1 hour on each amendment. If the leadership will cooperate with me, I can assure the Senate that I will conclude this opening statement within an hour or an hour and a half.

Mr. President, it has been my privilege to travel all over the world. As a representative of the Committee on Appropriations, I have visited every country where we have undertaken foreign aid programs, and I have witnessed all of these various programs in operation. I know from first-hand experience how they work.

I believe I can state without fear of contradiction that our army of foreign-aid representatives abroad are very desirous of making this program a permanent one. As was stated in debate a while ago, the position is now being taken that our foreign policy from here on demands that we operate on a permanent basis a program similar to the one which we are now discussing; in other words, that a foreign aid program is part and parcel of our foreign policy, and that if we are to continue to maintain the friendship of the countries of the free world, we shall be obliged to continue to assist them economically.

Mr. President, among the programs that I shall seek today to curtail is, first, the development assistance program, which was under consideration a moment ago, when the Senate rejected an amendment to force loans up to 75 percent on any moneys which were made available under it. I shall offer an amendment to eliminate development assistance—which is just another name for economic aid—from the program altogether.

As I pointed out earlier in the debate on the pending bill, when the Senate enacted the so-called point-4 program, it was distinctly understood that in making technical assistance available to any country, that country should not assume and expect that if we stated that a certain program was necessary, we would thereafter furnish the money to carry through the program.

I read from the CONGRESSIONAL RECORD the amendment which was proposed by the distinguished Senator from Georgia, Senator RUSSELL, and adopted by the Senate, which stated clearly and concisely that under no conditions should our representatives abroad state to the host countries, in getting them to participate in the technical-aid program, that we, in turn, would assist them financially in carrying out any program which we might recommend as a means of improving their economies. As a result of my inspection trips abroad, I pointed out to the Senate on several occasions, and I also reported directly to the Administrator of the technical-aid program 3



years ago, that, putting it mildly, our technical-aid program was then being misused. I showed by specific examples, country by country, that, in order to induce certain foreign governments to sign contracts for undertaking technical-assistance programs, some of our representatives had made promises that we would assist those countries in actually carrying out the programs if the host governments did not have the funds.

As evidence of that, Mr. President, I cited many instances in which colleges, hospitals, and other capital investment projects were erected with technical aid funds; in other words, I pointed out that economic aid projects were being undertaken under the label of technical assistance.

When I made those findings known, what happened? The technical-assistance program was divorced from capital-investment undertakings, but simultaneously the Mutual Security Act was amended and a section was added to it authorizing this so-called development assistance.

The net result has been, Mr. President, that our representatives abroad have been able to continue to give assurances to countries that, if they contract to carry on the technical aid programs, they can expect to share in the economic aid funds provided under this development-assistance program.

That is why, Mr. President, at the appropriate time today I shall offer an amendment which would have the effect of eliminating the authorization for the entire amount of \$165 million for development assistance.

I want to remind the Senators that not only is this \$165 million of development assistance funds to be used in that fashion, but there are other funds provided in the bill, such as funds for direct forces support and for defense support, which are to be used, by means of transfer or by the generation of counterpart funds, in order to furnish the actual construction costs of projects worked up by our technical assistance experts.

Mr. President, I am now and have always been, a strong advocate of the technical aid program. I think it is a marvelous program. If through our helping hand the underdeveloped nations of the world can be encouraged to develop their God-given natural resources and make use of them properly, as we have done in this country, I do not know of anything which would bring more contentment to this world, and which would assure mankind that the millenium of peace we so often talk and dream about is just ahead.

Mr. President, the United States has spent, since World War II, almost \$50 billion in trying to assist our friends across the seas. I voted for the so-called Marshall plan because I thought it was a good program, and I still think it was a good program. Under the Marshall plan we gave generously to assist those nations which had been overrun in World War II by a cruel enemy. As a result of the long, devastating war years their economies had gone to pieces. When I voted for the program—and I am sure that I speak not only for myself,

but for the other Senators who voted for it—it was our desire to restore the standard of living of our friends across the seas to its prewar level, and we hoped to raise their industrial capacity and their agricultural production to such a point that, if ever the time came when we would need them to help us maintain peace and order in the world, they would be in a position to lend us a helping hand.

Mr. President, I wish to read from the record a short excerpt from the statement of the first Administrator of the foreign aid program, Mr. Hoffman, when he appeared before the Senate Appropriations Committee in 1949. Many of us felt at that time that the amount we were being asked to contribute to this undertaking was too large. Many of us thought that the time element should be considered. So when Mr. Hoffman came before the Committee on Appropriations on June 8, 1949, we questioned him very closely. I, for one, asked him how much money it would require in order to put our friends in Europe back on their feet.

He replied:

From \$17 billion to \$18 billion.

I asked him:

How long will it take?

He replied:

About 4 years, maybe 4½ years.

I asked him:

What is the goal?

Mr. Hoffman stated that if we could raise the industrial production of the countries of Western Europe, assuming prewar production as 100 percent, to 125 percent, we could end the program.

Why did he say that? Let me read his exact words, as shown on page 35 of the hearings before the Senate Appropriations Committee when it had under consideration the foreign-aid appropriation bill of 1950, H. R. 4830.

Mr. Hoffman said:

I would like to make one final point.

He is speaking now to the committee—

It may at first glance seem paradoxical, but I look upon the European recovery program as our best hope for bringing Government spending down to a point where taxes will not be so oppressive—to a level at which our free economy is not in danger.

I say this because I see no way in which our tax burden can be reduced substantially unless the threat of war and the consequent necessity for maintaining an abnormal Military Establishment is reduced.

Listen to this, Mr. President:

This economy cannot go on indefinitely spending \$15 billion or more a year for military defense.

Yet, as the distinguished Senator from New Mexico stated a moment ago, we have been spending over twice that much, in recent years.

I read further:

The surest way I know of to reduce the danger of war so that we may reduce our Military Establishment is to carry on the recovery program, to the point where a free and self-sustaining and unified Europe is able to play its full role in cooperation with the United States and other free countries in maintaining the peace and prosperity of the world.

Mr. President, as I have said, when I voted for the original ECA bill, I did so on the premise that if it were possible for us to place the countries of Western Europe back on their feet and make it economically possible for them to lend us assistance in the future in our efforts to maintain world peace, then our own sacrifice in depriving ourselves in order to give to our allies would be worthwhile.

But what has happened under the European recovery program? Not only did these countries reach the 125 percent of prewar production goal, placed by Mr. Hoffman, in 4½ years, but they actually achieved it at the end of 3 years. Was any effort made to stop the program once the goal had been reached? Oh, no. Instead, our planners on the Washington level and our planners in the field sought to make the program even bigger. But instead of using the old program of ECA or direct economic aid, it was changed into a military-aid program. As I stated a moment ago, if anyone reads this bill carefully he will find that all of the \$3,500,000,000 authorization, except \$1,278,000,000 for military aid, is in the nature of economic aid. Under the defense-support provisions, we send goods to a country—for instance, we send them to the Near East, to Africa, and Asia—and those countries sell the goods to their own people, and thus create a fund, known as a counterpart fund, which is used to build dams, repair their railroads, erect hydroelectric plants, and the like.

As is pointed out on page 17 of the Senate Foreign Relations Committee report on the pending bill, in describing defense support:

This type of aid consists primarily of machinery and commodities (including surplus agricultural commodities). When the goods are sold in the country being aided, the local currency received in the transactions is used for further defense purposes—sometimes for budget support or sometimes for other projects designed to increase the country's capacity to maintain armed forces of the desired size.

And again on page 9, the committee report states, in describing the defense-support program:

It differs from economic assistance not so much in form as in purpose.

Mr. President, the Lord only knows that we cannot maintain a foreign economic aid program and expect to remain solvent, particularly when every dollar we have been making available to our friends across the seas is borrowed money.

It may be of interest to the public to know that in the past 24 years we have balanced the budget on only 3 occasions, and 2 of those were in years immediately following World War II. The budget was balanced then because World War II had ended, and we did not spend the money which had been appropriated for carrying on the war. When the war was ended, the unspent money was returned to the Treasury. The third time the budget was balanced was in 1950, when the Korean war came on. It will be recalled that Congress imposed a 10-percent increase in the tax on individual incomes and a 5-percent increase in the



tax on corporate incomes, as well as increases in various excise taxes. The additional income could not be spent immediately, because it was to be used to pay for the cost of the Korean war. The result was that it was possible to balance the budget for that year. But it was budget balancing in name only; it was not anything that we could really boast about.

Mr. President, I ask again, how long can we continue borrowing money to finance overseas give-away programs? Can we afford to make this program a part of our foreign policy, to be continued indefinitely? In my humble opinion, if we embark on a permanent economic-aid program, we will in the long run destroy our own way of life. We do not have to undergo another war, in order to have our economy destroyed. If we keep on piling up debts, we will eventually pile the debt so high that the carrying charge will become so great as to destroy incentive. It does not require any great imagination to foresee what will happen to our democratic way of life when that occurs.

Mr. President, I came to the Senate in 1937; this is my 19th year here. The amount of money Congress appropriated during the first year I served in the Senate—the amount required to run every department and agency of the Government, including the armed services, the State Department, and all the other Government agencies—was only a few hundred million dollars more than the amount now required merely to pay the interest on the national debt. All that has occurred in the past 19 years. In other words, the present carrying charge on our huge national debt, which is climbing and climbing and ever rising higher, is now almost as much as the amount Congress appropriated 19 years ago for the operation of every department and agency of the Government.

Mr. President, let us see how our neighbors have fared as a result of the economic aid we have made available to them. I have before me a table showing the degree of their recovery. The table I have assumes, for 1938, an index of industrial production equal to 100. I point out to my good friend, the Senator from Indiana [Mr. CAPEHART], that at the end of the year 1954, the average industrial production index for all the countries of Western Europe was not 125 percent as Mr. Hoffman had aimed for, but 154 percent of prewar. Mr. President, it does seem to me that since we have assisted our friends across the seas in making so splendid a recovery, we should be able to count on them to cooperate with us in assisting the underdeveloped free countries of the world. They should come forward now and volunteer to do so, particularly in view of the fact that, in spite of the enormous debt burden resting upon us today—a debt which, as I have said, amounts to \$277 billion—we are now spending for our defense purposes, in other words, in order to take care of our own military establishments, both here and abroad, 68.3 percent of our entire budget.

Take Formosa. Today who is worrying about Formosa? Only Uncle Sam. There is no one else out there. We are

the only ones who seem to be interested in maintaining Korea's independence. We are the only ones who are assisting Chiang Kai-shek by furnishing him with implements of war, tanks, boats, a small navy, and other types of assistance. No one else seems to be bothered about the acute situation in the Far East.

We had what has been called "a little skirmish" in Korea. In that connection the other day I listened to former President Truman on television on Ed Murrow's program. His sweet little daughter was asking him questions. She asked him what was the toughest decision he had to make while he was President, and he replied, "The decision to send our boys to Korea."

Mr. President, our country is a member of the United Nations. All of our friends in Western Europe, whom we have been helping for many years, also belong to that great organization. But when the Korean emergency arose we were the ones who had to carry the ball. When it was all over, we had assumed more than 90 percent of the cost of that war, and we furnished more than 90 percent of the foreign soldiers who fought in Korea.

Who assumed the responsibility in Indochina? It was Uncle Sam. We ended by paying more than 80 percent of the cost of the war in Southeast Asia.

Mr. President, we cannot keep picking up the check for the rest of the free world, and hope to remain solvent. If ever the economy of the United States is destroyed, there will be nothing but darkness in this world. We cannot afford to continue to carry the entire load, particularly after having spent so much of our resources and having added so much to our debt burden in order to bring prosperity to the countries of Western Europe. Our allies, Mr. President, should now be at our side helping us to develop the economies of the underdeveloped nations of Asia. That is why I am asking that the Congress curtail that part of the pending authorization, which is devoted to purely economic aid.

Efforts should be made immediately to get our friends to assist us in this tremendous long-range undertaking.

Mr. LONG. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. LONG. Can my colleague inform me how much the amendment he has offered would reduce the authorizations of the pending bill?

Mr. ELLENDER. The pending amendment would reduce the authorization for defense support by about half a billion dollars. But, as I stated in my opening remarks, I have a series of 5 amendments which, if adopted by the Senate, would reduce the amount of the bill by \$1,013,650,000.

I invite the attention of my colleague to the fact that because that portion of the bill dealing with direct military aid is not allocated either in the bill or the committee report and because we have not been told where it is to be used and actually know nothing about it—there is nothing in the RECORD about it—I left that out entirely, so that we could deal with that question before the Appropriations Committee when those in author-

ity come before us to justify the one and a quarter billion dollars for direct military aid. So the amendments I am now proposing, and which would cut over a billion dollars from the bill, deal solely with economic aid programs, which are labeled in the bill "defense support" and "development assistance."

Mr. LONG. If I correctly understand, the Senator is not offering his amendments en bloc, but he is offering 1 of a series of 5.

Mr. ELLENDER. The Senator is correct.

Mr. President, a moment ago I cited examples of the industrial progress made by the Western European nations. I should like to give the figures for other countries of Western Europe.

Take Belgium, as an example. As of 1954 her industrial advancement was 144 percent; Denmark, 165 percent; France, 148 percent; Greece, 167 percent. When I was in Greece last fall it had gone up to 172½ percent. That was a few months ago. The figures I am now giving are for 1954.

Mr. LONG. Does the Senator mean that Greece, for example, has advanced her industrial production 68 percent over the former level, in 1938 or 1944, or does he mean 168 percent?

Mr. ELLENDER. In computing the industrial production index of a country, 1938, the year before the war, is represented as 100. In other words, we start with 100 percent as the pre-war level. As I stated a moment ago, this is an old table—it represents the 1954 level. I was in Athens last November, and I was told by our representative there that Greece had made a great recovery, and that her industrial production had increased by 72½ percent over the pre-war figure—that her present industrial production index is 172½ percent of prewar.

Mr. LONG. In other words, Greece is now 72½ percent more productive than before the war.

Mr. ELLENDER. That is correct.

Mr. LONG. Still we are sending her economic aid.

Mr. ELLENDER. That is correct. I should like to state that I feel sorry for the Greeks. They are good, fine people. Here recently they experienced a little earthquake, and because of the earthquake they are asking us for \$15 million. In other words, when anything happens to them, they say, "Come and help us." I am glad to help them but I believe our European allies ought to be willing to help them also.

Mr. LONG. Does my colleague agree with me that there is practically nothing the bill would do that these people could not do for themselves if they had the determination and energy to do it?

Mr. ELLENDER. I am convinced of that. I am convinced also that if the leaders of those countries were briefed on our own economic picture, on the tax burden and the debt burden on the backs of the American people, they would say to us what was said to me by two kings whom I visited last year; namely, that for us to be making available to anyone borrowed money was just plain foolishness. During the conversation I was told by these two rulers that not only



was it foolish, but that if we continued such spending, sooner or later our economy would be destroyed, and if ever that occurred, the whole world would be in darkness. I am in complete agreement with that statement.

Mr. LONG. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. NEUBERGER in the chair). Does the senior Senator from Louisiana yield to the junior Senator from Louisiana?

Mr. ELLENDER. I yield.

Mr. LONG. Does not my colleague agree with me that the charts which are produced to indicate that, if we had not given these countries a few million dollars, the great economic recovery would never have occurred, are misleading because those countries would have recovered anyway by hard work on their own part, and the aid we gave them accounted for only a small portion of their recovery, perhaps only 5 percent?

Mr. ELLENDER. The trouble with the program was that we went too fast with it. We gave these countries too much money. Let us take the case of Austria. I was in Vienna last November. Senators may not believe this, but the Austrian Government had in its treasury, of these counterpart funds, a half billion shillings which they did not know how to spend. They could not spend that money in accordance with the rules and regulations set by us. The money is still there.

Let us take Norway. Norway is a fine country, and the Norwegians are fine people. We let the Norwegians have \$411 million, as I remember, in round figures. What did Norway do with it? \$309 million of that money was used to pay off their debt. In other words, what we did was to send borrowed United States dollars to Norway so that Norway could retire some of its debt. I say that is foolishness.

Mr. LONG. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. LONG. Was Norway successful in paying off her whole debt with the money she received from us?

Mr. ELLENDER. I do not know, but she used either \$289 million or \$309 million—I do not remember the exact figure—of the money that we sent her to pay off her debt.

Let us take Italy, and consider the progress made there in industrial production. As of 1954, it was 171 percent of prewar; in the Netherlands it was 172 percent; in Norway, 180 percent; Turkey, 232 percent; the United Kingdom, 147 percent.

Now let us examine the progress made in agricultural production. The same method has been used in arriving at these figures. That is, we assume that for 1938 the index of agricultural production was 100 percent. As of 1954, agricultural production in Belgium had increased 14 percent; in Denmark, it had increased 22 percent; in France, 18 percent; in Greece, 26 percent.

Mr. President, all those countries are relatively small in area, and almost every acre of their land has been under inten-

sive cultivation even prior to World War II. Notwithstanding that intensive cultivation, through our assistance and through advice from our agricultural experts, they have been able to increase their production of food and fiber percentage-wise to the extent that I have indicated.

Let us examine the situation in Turkey. That is a fine country. The Turks are fine people. They are great soldiers, and they are hard workers. As I indicated a while ago, the industrial production of Turkey as of 1954 was 232 percent of prewar, and, Mr. President, her agricultural production as of 1954 was 164 percent of prewar. Yet in spite of that increase in industrial production and in agricultural production, Turkey will be given quite a large sum from the defense support funds authorized in the pending bill—\$50 million. And in addition, Turkey will be given \$20 million of direct forces support.

I am not asking that the entire \$50 million of defense support funds allotted to Turkey be eliminated. However, I say we should give Turkey only half of what is suggested in the pending bill, in the hope that our friends in Europe will put up the other half. That is the theory on which my amendment is grounded.

I am convinced that it is sheer folly for us to inaugurate a program of this magnitude on a permanent basis, as is being suggested by our leaders on the Washington level, both in the Senate and at 1600 Pennsylvania Avenue.

Mr. President, I could cite more figures of production increases, but I do not want to delay a vote on the pending amendment. I ask unanimous consent to have printed in the RECORD at this point the table from which I have been reading.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Country	Per capita Defense expendi- tures	Defense expendi- tures as percent of total budget	National debt	Industrial produc- tion <sup>1</sup>	Agricultural produc- tion <sup>1</sup>
Belgium.....	\$47	23.5	\$5 billion.....	144	114
Denmark.....	30	20.0	\$1.2 billion.....	165	122
France.....	86	34.4	\$14.6 billion.....	148	118
Greece.....	15	35.9	Not available.....	167	126
Italy.....	18	20.9	\$6.2 billion.....	171	124
Netherlands.....	38	22.3	\$5.8 billion.....	172	119
Norway.....	47	28.0	\$1.6 billion.....	180	115
Portugal.....	8	32.4	\$462 million.....	(2)	134
Turkey.....	16	43.4	Not available.....	232	164
United Kingdom.....	95	36.3	\$73.5 billion.....	147	129
Germany.....	40	21.2	\$9.6 billion.....	142	118
Spain.....	12	36.5	\$1.8 billion.....	136	106
United States.....	287	68.3	\$276 billion.....		

<sup>1</sup> Prewar=100.

<sup>2</sup> Not available.

Mr. ELLENDER. What I have sought to point out, Mr. President, is that by the expenditure of these vast sums we were able to increase the productive capacity of our friends across the seas to a point far beyond our expectations at the time the program was initiated. All of us expected—I know I did—that once these countries reached their goal, then if we ever needed them in order to help us carry the burden of maintaining our freedom and as well as their own, they would join hands with us and assist us.

Mr. President, in addition to the money we spent on our European allies by way of grants and loans under ECA and other programs, the NATO agreement was entered into.

Surely when that agreement was entered into, and in the light of the healthy conditions, economically and agriculturally, in which our friends found themselves at that time, I thought, and I am sure many other Senators also thought, that those countries would conscientiously try to carry out their part of the agreement. However, what happened with respect to the cost of the NATO undertaking? Not only did we have to take care of our own defense obligations here at home until it hurt, and not only did we take care of Korea and Formosa and southeast Asia, almost single handedly, but we also had to provide

from 20 to 30 percent of the money necessary for the countries of Western Europe to carry out their part of the NATO agreement.

That, Mr. President, is going beyond all reason, and in view of what has happened in the past, I am very hopeful that Congress will see the light and try to shift some of the foreign-aid burden to the friends we have assisted. There is no reason why they should not assume a part of that burden.

Let us consider southeast Asia. Who is in danger there? Is not Australia in danger? Australia is a country as big as our own, even though it does not have the population we have. Surely Australia ought to be able to contribute something toward helping in this undertaking. New Zealand ought to be able to do likewise. Surely the British, with so many interests in that area—in Malaya, Hong Kong, and in other places—ought to be willing and able to assist us in carrying the load.

However, whenever we knock on the door there is no one at home. Seemingly we are the only nation that is destined to carry the whole load. If we continue doing it ourselves, and if we listen to the planners on the Washington level and to our representatives who administer the program throughout the world, we will continue to carry it alone from now on.



Mr. CAPEHART. Mr. President, will the Senator from Louisiana yield?

Mr. ELLENDER. I yield for a question.

Mr. CAPEHART. Would the Senator recommend that we confine the aid recommended in this bill entirely to Asia, Latin America, and possibly the Near East and the Middle East?

Mr. ELLENDER. That is what we are doing.

Mr. CAPEHART. There are other areas.

Mr. ELLENDER. There may be military aid going to other areas. I am not prepared to discuss that phase of it, for the simple reason that there is nothing in the record to show where the direct military aid is to be used, or how it is to be used.

Mr. CAPEHART. If the Senator means the military assistance under section 2, amounting to \$1,275,000,000, quite a bit of that goes to Europe.

Mr. ELLENDER. The Senator is correct, I believe. I hope to be able to deal with that when the proponents come before the Appropriations Committee for the money to carry out the program. It will be noticed also that the development assistance funds for the Near East and Africa are unallocated. I understand that the reason why these funds are not allocated is because in the Near East there seems to be a little tug of war going on between Israel and the Arabs, as to who shall get how much. Whether that is true or not I do not know. I was informed that it might not be a good idea to let the Arabs know how much Israel is getting, or to let Israel know how much is being given to the Arabs.

Mr. CAPEHART. I thought the Senator made a good factual case with regard to production and prosperity in Europe, and that the nations in that area might well give up American aid, including military as well as economic aid, and that it might go to Asiatic countries, or to Latin America or other countries which need help. Would not that be the proper procedure?

Mr. ELLENDER. I agree with the Senator, but I would go further than that and have them not only carry their own load militarily, but help us to carry the load for military and economic aid in the Near East, in Africa, and in Asia.

Mr. CAPEHART. In other words, words, what the Senator is recommending is that we may as well eliminate aid to those who may no longer need it, and they might help us in carrying the load in Asia, the Middle East, and the Near East.

Mr. ELLENDER. That is the essence of my argument and it is the theory on which is based all the amendments I am offering.

Mr. CAPEHART. I think the Senator has made an excellent factual case for his position.

Mr. ELLENDER. I thank the Senator.

Mr. President, I could go on and deal further with this general problem and give more facts, but I should like now to address myself for a few minutes to the impact which all these vast expenditures abroad have had on our own economy.

As I pointed out, our debt today is approximately \$277 billion. I am wondering if Senators realize the size of it. When we say \$277 billion no one knows what it means. The figures are so huge, so astronomical, that we cannot conceive of the size of our national debt.

Some time ago I did a little figuring on this subject. Suppose that tonight, at midnight, the 96 Senators who adorn this body were to start counting our debt. Suppose each Senator worked 24 hours a day—that is about what we are working at this time—without stopping for anything, and assume that each Senator counted at the rate of two 1-dollar bills a second, or 120 1-dollar bills a minute. How long do Senators think it would require them to count our national debt?

I do not expect an answer, because I am sure that Senators have not figured it out on this basis. But if all 96 Senators were to start counting our debt tonight at midnight, and assuming that each Senator would count at the rate of 120 1-dollar bills per minute, and worked 24 hours a day, it would take 47 years to count the debt.

I made another calculation, Mr. President. Suppose we were to take these dollar bills, attach them together, and make a ribbon of them. How many times would that ribbon of dollar bills go around the world? I do not expect Senators to answer that question now, either—

Mr. JOHNSON of Texas. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. JOHNSON of Texas. Has the Senator from Louisiana consumed an hour?

The PRESIDING OFFICER. Approximately an hour.

Mr. JOHNSON of Texas. I wonder how much time the acting minority leader would like to yield at this time?

Mr. CAPEHART. Mr. President, I yield 25 minutes to the Senator from Louisiana.

The PRESIDING OFFICER. The Chair would like to inquire of the Senator from Louisiana whether he wishes to have his amendments considered en bloc.

Mr. ELLENDER. No, Mr. President. What I propose to do—

Mr. JOHNSON of Texas. Mr. President, a parliamentary statement. I understand the minority leader controls the time in opposition to the bill, and I understand that the Senator from Louisiana is opposed to the bill. The acting minority leader has agreed with me that he would yield up to 30 minutes, so I should like to have 25 minutes of that time yielded to the Senator from Louisiana.

Mr. ELLENDER. Mr. President, I have five amendments to the pending bill and I have a sixth one which I may offer. That would give me a total of 6 hours time. But I do not intend to consume that much time. I wish to conclude my general statement on all my amendments, and then reserve about 5 minutes for each amendment to explain each of them before the vote is taken.

Mr. JOHNSON of Texas. As I understand, after the Senator has consumed his 30 minutes, there will be, as he calls up each amendment, an hour to each one.

The PRESIDING OFFICER. The Chair would like to inquire again of the Senator from Louisiana, with reference to his pending amendment which is divided into three portions, whether he wishes it considered en bloc.

Mr. ELLENDER. Yes, Mr. President. I misunderstood the Chair's inquiry.

Mr. President, as I stated a while ago, suppose we take the \$1 bills represented by our \$277 billion national debt and make a ribbon of them. How many times would that ribbon circle the globe? I do not expect Senators to answer that question, because they have not figured it, but it would go around the world a thousand times; it would reach a hundred times the distance from the earth to the moon.

Mr. President, we are today voting on legislation that will add more and more to our already astronomical national debt. Yet we expect also to keep solvent and to maintain our way of life. I fear that it will be impossible for us to do so.

Mr. LONG. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. LONG. Putting it another way, the latest figure I saw was that in terms of purchasing power our debt is more than \$100 billion greater than that of all the other countries of the world combined.

Mr. ELLENDER. I do not know the exact figure, but I know that our entire debt is much more than the combined debts of all the other nations of the world.

Mr. President, what is the effect that all this activity is having on our own economy? We have been living for many years in a state of emergency. We have been neglecting the conservation of our own soil. We have been neglecting to build dams where they should have been built years ago, so as to protect and conserve our soil. We have been neglecting the maintenance of our harbors, and of our waterways, and of other public works projects.

We seem to have forgotten that the land in this country which is suitable for cultivation—arable land—is limited. The experts tell us that today 462 million acres are arable. It is from those acres that we are able to give to the people of our time the standard of living which they are now enjoying.

It has been stated that in addition to the 462 million acres, another 45 million might be recovered—15 million acres released from the feeding of horses and mules, and another 30 million acres from reclamation.

So the entire amount of arable land we can ever hope to have in this country is only 507 million acres.

If our population is to continue to increase at the present rate, which is now some 2,700,000 persons a year, it is estimated that by 1975, only 20 years from now, the population will be 221 million. If the people of that generation—that is,



of 1975—are to have the same standard of living as we enjoy today—or, let us say, as we enjoyed in 1950—165 million more acres than we now have will be required. But the amount of our arable land is decreasing year by year while the population is increasing.

Right now, as I have just indicated, it is estimated that we are losing, through flows into the gulf and the oceans, precious topsoil in the amount of about 500,000 acres annually. It goes without saying that with an increasing population and a decreasing amount of land it will not be many years before the United States will be a have-not nation. There will be a shortage in the production of food and fiber to meet the needs of our population.

Mr. President, what has caused my heart to ache the most has been to go abroad and to see our funds being used to carry on projects in foreign lands, under giveaway programs similar to the one now before us, while we are denied funds to carry on these same kinds of projects here at home.

While we undertake ambitious flood-control, irrigation, and hydroelectric-power programs in other lands, we have a backlog of authorized flood-control projects here at home totaling \$5.2 billion. Our backlog of authorized public-building projects totals \$2.3 billion. According to the President's Advisory Committee on a National Highway Program, in the next 10 years there will be a gap of \$54 billion between highways needs and highway facilities. In public-school construction alone we are faced with an \$11 billion backlog.

Mr. President, I shall not take the time of the Senate to read from the short memorandum which I have prepared to show what we plan on doing in various countries under the pending bill to carry on public-works projects similar to those which are being denied to our own people here at home. I shall ask unanimous consent that the statement be printed in the RECORD at this point in my remarks.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

#### EXHIBIT IX

Spain: Financing improvement in railway lines (\$6.9 million), improving Cadiz port facilities (\$0.7 million), civilian airfields (\$0.6 million).

Irrigation and reclamation of barren lands (\$5 million), machinery for construction of irrigation dams and main canals (0.8 million), and expansion of fertilizer industry (\$1 million).

Electric transmission lines, etc. (\$6 million).

Yugoslavia: \$35.5 million in defense support. About one-half will be used for purchase of United States surplus commodities, the counterpart funds thus generated to be used for internal improvement. (No breakdown as to these.) The remaining one-half will be used as follows: Transportation, including the purchase of United States earth-moving and highway equipment, \$4 million; port and terminal facilities, \$1 million; \$2 million to supply spare parts, repairs, and critical equipment to industrial sectors "neglected thus far as a consequence of the foreign exchange shortage." Remaining defense support funds to be used for "critical defense sectors"—\$4 million in direct force support—for aviation fuel and other items, \$1 million in technical aid.

Egypt: United States and Egypt signed in November 1954 a development assistance agreement involving \$40 million in United States funds, \$7.5 million in form of loan. The funds would be used as follows: Highway improvement, \$10,089,000; potable water supply, \$7.5 million; improvement of waterways, \$4.3 million; equipment for machine workshops, \$1.4 million; railroad improvement, \$16.2 million. There is in 1956 fiscal year justification book no indication of how much of these amounts the United States will attempt to defray next year; the development assistance involved is contained in a regional total (Near East and Africa) which is not broken down. However, it is indicated that fiscal year 1956 work will include construction on the Cairo-Aswan Highway, port improvement, grain silo construction, irrigation pumping stations, and powerplants. The high Aswan Dam, a reclamation and power project, is not included in the budget justification, but the statement is made that "it is considered by the Egyptian Government to be the most important project for the long-range development of their country." The United States has aided in the dam's planning.

The statement is also made that the United States has contributed \$60 million to the Egyptian technical assistance and economic development program to date. Fiscal year 1956 will find the United States contributing \$4 million for technical aid to Egypt plus a "substantially larger sum for special economic aid." It is expected that about half of the special economic funds will be in the form of commodity imports to generate local currency, including a significant amount of wheat.

Ethiopia: No development assistance schedule per se, but \$1.4 million out of a proposed \$3.4 million in technical assistance will be in supplies and equipment.

Greece: Defense support, \$15 million, to be used to purchase wheat for the civilian economy. Local currency proceeds to be used for budgetary support. Technical assistance is contemplated in the amount of \$1.5 million, \$400,000 of which will be for supplies and equipment.

Iran: Defense support funds (primary local currency proceeds generated by sale of agricultural commodities) will be made available in the amount of \$37.5 million. This will include \$17.5 million for defense construction projects, \$3.5 million for technical cooperation requirements (evidently supplies and equipment which the host government would normally supply) and \$16.5 million for budgetary support.

In addition, \$10 million would be made available for technical aid, \$1.2 million of which involves the purchase of supplies and equipment.

Iraq: A total of \$2.3 million in technical assistance would be made available, \$138,000 of which involves the purchase of supplies and equipment.

Israel: No breakdown; contained in regional total, but both development assistance and technical aid will involve public-works projects of some nature.

Jordan: No development assistance breakdown, but it is indicated that the largest portion of these funds (contained in regional breakdown) will be used for highway and water development. The \$2.8 million technical-aid program includes \$399,000 in supplies and equipment. It should be noted that the statement is made that United States development assistance in the past has made possible the reclaiming of 5,000 acres of desert land, construction of new irrigation systems, and the building of some 83 kilometers of useful highways. An additional 69 kilometers are under construction. "Basic engineering fundamental to the proposed irrigation of the Jordan Valley is virtually complete."

Liberia: A \$1.8 million technical-assistance program is contemplated for fiscal year 1956; \$223,000 would be in the form of supplies and equipment.

Libya: Development assistance for fiscal year 1956 included in regional total—no breakdown available. However, during fiscal year 1955, 27,000 tons of grain were granted to Libya under title II of Public Law 480; the grain is being distributed free or in partial payment for work on public works undertaken by the Libyan Government.

Technical assistance for fiscal year 1956 totals \$5 million; \$3.7 million is in the form of supplies and equipment.

Saudi Arabia: No program for fiscal year 1956; in December of 1954, however, FOA authorized funds to the United States Geological Survey in the amount of \$170,000 to complete work on a project previously underway in Saudi Arabia to compile geographic and geologic maps; prepare final reports on water and mineral resources of Saudi Arabia, to analyze chemical and mineralogical material collected in the field.

Syria: No aid requested thus far, but funds have been made available under the regional development assistance total (referred to previously above) in case Syria desires to participate in unified planning for full utilization of the water of the Jordan and Yarmuk Rivers.

Turkey: For fiscal year 1956, \$50 million in defense support is proposed; this amount will be used to generate counterpart. The counterpart will be used for budgetary support, and for trucking, highway, and agricultural equipment and spare parts and for machinery needed in the development of smaller industrial plants. Some dollar funds will be placed in the Turkish Industrial Development Bank to provide dollar exchange for private producers in the industry and mining fields who desire imports from the United States.

Technical assistance totaling \$2.5 million is proposed for fiscal year 1956; \$580,000 would be used for equipment and supplies.

Direct forces support totaling \$20 million is also proposed, to be used for petroleum, machinery, raw and semifinished products for direct consumption by the Armed Forces.

Overseas territories (Near East and Africa): Only \$4 million in technical assistance scheduled for fiscal year 1956; however, justification points out that a series of projects have been completed in the Belgian Congo and recommendations have been made to Congo authorities as to setting up new divisions for vocational education, agricultural extension and agricultural economics. These have been accepted.

During fiscal year 1954 \$10.3 million in surplus commodities were imported into the European metropolitan countries, with the counterpart used in the overseas territories. This amount included \$5 million in France, \$5 million in the United Kingdom, and \$0.3 million in Italy. Eight million dollars of the total was programmed for development assistance and the remainder for technical aid. These funds, it should be noted, did not become available until fiscal year 1955 and "are being used to implement fiscal year 1954 programs developed for this area." The fiscal year 1956 program will continue the expenditure of these funds.

Afghanistan: Two million dollars in technical assistance is to be made available during fiscal year 1956; \$208,000 of this is for supplies and equipment. A large portion of this will be used for continued planning on the Helmand Valley development program, including health and sanitation, coal resources development, education, and community development. Assistance will also be rendered in the fields of public administration and to spur the development of small business.

India: Development assistance for fiscal year 1956 totals \$70 million. Ten million dollars will be used for agriculture and nat-



ural resources, including \$4 million for fertilizer, \$4 million for deep irrigation wells and \$2 million for valley development to assist in expanding irrigation. Five million dollars is earmarked for construction of electric power facilities with \$15 million scheduled for the purchase of steel. Six million dollars will be used to better transportation facilities, primarily the rehabilitation of Indian railways. Four million dollars is earmarked for malaria control.

Of the remainder (roughly \$30 million), the funds will be used to purchase agricultural commodities to be sold in India. Sales proceeds (counterpart) will be used for "agreed economic purposes such as local costs of irrigation, flood control, power, etc." (Emphasis supplied.)

Technical assistance in the amount of \$15 million is also scheduled for fiscal year 1956; \$4 million will be in supplies and equipment.

Nepal: One million dollars is proposed for technical aid, plus \$1 million in development assistance. These latter funds will be earmarked for "development of the Rapti Valley," with the breakdown as follows: \$300,000 for irrigation, land reclamation, etc.; \$500,000 for transportation and communication equipment; and \$200,000 for development of hydroelectric power.

Pakistan: Defense support, \$63 million. This will be used primarily for improvement of transportation facilities and expansion of mining operations. It should be noted that past defense-support aid has helped rehabilitate railroads, construct irrigation dams and reclaim land, flood control. Surplus food has also been sold under Public Law 480, with the proceeds used for defense support.

The defense-support item also bears the notation that a "new long-term development plan drawn up by the Ford Foundation" will provide a comprehensive framework for future industrial and investment projects.

Technical cooperation in the amount of \$9 million is scheduled; \$3 million will be for supplies and equipment.

#### THE PRESIDENT'S \$200-MILLION ASIAN ECONOMIC DEVELOPMENT FUND

The justification for this item lists illustrative projects. These include:

Development of the Mekong River project in Thailand, Laos, and Cambodia. This is primarily a flood-control, power-development, and irrigation plan. It would also involve navigation improvement.

Development of fisheries, including capital investment in refrigeration and other facilities, "on a country-to-country basis."

Natural-gas development, including resources in Pakistan. This would include construction of fertilizer plants in west Bengal and expansion of an existing plant at Hyderabad.

Minerals development, including exploration in the Philippines, Afghanistan, and other areas. Also contemplated is expansion of roads, short-line railroads, and harbor facilities.

Transport and communication projects, including the betterment of inland water navigation and perhaps the purchase of modern tugs, barges, and other inland water craft.

Financing of local industrial projects.

Construction of regional training centers as to agricultural techniques, management training, etc. Also contemplated is a testing laboratory for agricultural implements, operated on a regional basis.

Bolivia: The fiscal year 1956 plan totals \$16 million; it will be used to implement a 1953 program which includes the purchase of roadbuilding machinery, fertilizer, transportation improvement (including highways), and similar projects.

Guatemala: Five million dollars in development assistance is proposed for fiscal year 1956. This will be used for public-works projects, including highways and roads, completion of the Roosevelt Hospital, etc.

Mr. ELLENDER. Mr. President, I was in Damascus, Syria, last September. I was told that every effort was being made by our technicians to have Syria take part in our program. Syria has declined; she does not want to take part. Notwithstanding the fact that Syria has refused our offer, money is provided in the bill before us today in the event that Syria can be persuaded to join in the program. I read from page 20 of the committee report:

Although the United States has no agreements for either development assistance or technical cooperation in Syria, the bill includes funds for economic aid should Syria desire it in connection with unified planning of the project for utilizing the waters of the Jordan and Yarmuk Rivers. Maximum use of this water for irrigation might prevent full development of its hydroelectric-power potential in which case Syria might need external credit for thermal power development.

In Saudi Arabia, our representatives, those ambitious men who are anxious to spend the borrowed funds of this Government, tried to induce King Saud to agree to a program for technical assistance in Saudi Arabia. They thought he would probably sign a contract.

Even while the signing of a contract was being discussed, our Government was sending trucks, bulldozers, and machinery of the value of several hundred thousand dollars into Saudi Arabia, in the hope that King Saud could be induced to sign a contract. But he refused. As a result all the machinery had to be moved out of Saudi Arabia and sent somewhere else, at considerable cost to our Government. As I recall, most of it eventually found its way into Jordan.

I cite this, Mr. President, not to show the waste in our foreign-aid program—for this is just a tidbit compared to what we have wasted elsewhere—but to show how overzealous our representatives are in trying to get rid of the American taxpayers' money.

Mr. President, I am not offering these amendments because I am opposed in principle to our extending the good hand of friendship to our allies across the seas, or to any nation which is seeking to aid the free world in its battle against communism. I have only sought to call to the attention of the Senate the road which we seem to be traveling. We have been generous in our aid in the past; we extended that aid in good faith, in the sincere belief that mutual strength requires mutual sacrifice. We have sacrificed a great deal—in money, in fiscal stability, and even in American blood. Now we are being asked to do more—and not on a short-term or emergency basis, but as a long-range proposition.

Even more important, we are being forced to neglect vitally important functions here at home, functions which have a direct and important bearing on our future national welfare. Meanwhile, we have seen our partners in peace grow from economic poverty to economic health. Yet they have not sought to join forces with us in our effort to raise living standards in underdeveloped countries and in building a sound foundation upon which a deter-

mined effort to repel Communist aggression can be built.

I feel, Mr. President, that it is neither just nor fair for us to embark upon public works projects in foreign lands, while we refuse to perform similar functions here at home. I believe it is foolhardy for us to continue to supply arms and weapons of war as well as American dollars to nations which refuse to spend a proportionate part of their budget for their own defense. I think it is a violation of our duty as trustees of the welfare of the American people to continue to impose back-breaking taxes upon our citizens, in order to perform domestic governmental functions for nations which are fully able to do more for themselves. Just a few months ago, in France, riots took place because tax collectors sought to collect the taxes which the Government of France imposed. The tables of foreign tax rates which are made available to the Congress seem to mean nothing, for the taxes levied are not collected—at least in France. Yet our taxpayers must groan and pay so that we can help France meet her NATO obligations, so that we can do the things that an enlightened France should be doing for herself in Indochina, and in Africa.

I frankly am concerned, Mr. President. I am worried and in fear that the seeds we are sowing today will produce fearsome results tomorrow. I wish to urge the Congress with all the strength I have to give sober thought to the situation we now face. We are losing our soil due to floods and erosion; we are failing to keep our navigable waterways up to par. We are dragging our feet on our highways, despite the fine bill which passed the Senate only a few weeks ago. Our schools, our hospitals, all are in urgent need of more funds. Whether these funds come from Federal or State coffers makes no difference; they all represent tax dollars, and we have been unable to provide the funds these functions require because so much of our tax money flows into foreign lands.

I think that it is time we got some help from our European allies, from the United Nations—and when I say help, I mean real help—not token contributions and half-hearted assistance. Our Nation has generally opened its coffers—extended its help—and yet we have met with no attempt on our allies to help us carry this burden.

They must be made to realize further aid will not be forthcoming unless we draw a firm line and say "here, we must stop." We must tell our friends and neighbors that we have done all we can, and that it is time for them to pitch in and help us get the job done.

Every now and then we read in the press reports that foreign dignitaries have stated that the United States has to continue foreign aid programs in order to maintain its prosperity. This is not true—these programs are not the basis of our present good times. Yet, if these foreigners believe that foreign spending is a road to prosperity, why do they not try it for a while. Perhaps, by taking a dose of this so-called magic medicine, they might be able to cash in



on this prosperity and do themselves and this country a good turn at the same time.

We are at a crossroads, Mr. President. We face a tremendous challenge. This program, the bill the Senate has before it today, bears all the earmarks of making permanent a program which I am sure most of us originally believed was but an emergency measure. If this is what the Senate wants, then this is what the Senate has. However, as a United States Senator, I cannot in good conscience go back to Louisiana and tell my people that we cannot complete flood-control structures because we must build levees and dams in foreign lands. I cannot tell my State's farmers that we cannot better help them conserve their soil because we must conserve soil in foreign lands. I cannot go back home and face my constituents and tell them that they can expect no real tax relief because we must use their tax dollars in order to perform domestic functions for foreign lands which either do not collect the taxes they have levied, or do not levy enough to pay their own way.

Mr. President, referring now to my amendment which is now before the Senate, I wish to point out again that it will reduce by one-half the amount which the committee bill seeks to provide in defense-support authorizations. At present it is \$70 million for Europe; my amendment would reduce the amount to \$35 million. For the Near East and Africa, my amendment would reduce the \$102,500,000 in the bill to \$51,250,000; and for Asia, the defense-support program would be reduced from \$827,800,000 to \$413,900,000.

If my amendment should be agreed to, it will mean that the authorization in the bill for this one phase of the program, defense support, will have been reduced in the amount of \$500,150,000.

I am very hopeful that the amendment will be agreed to, because at the present time we are carrying on in an indirect way economic aid in Asia, the Near East, and parts of Europe, and the committee bill seeks to expand that economic-aid program and put it on a permanent basis.

In voting on this reduction, I ask my colleagues to take into consideration that as of June 30, 1955, according to official estimates, there will be \$8.728 billion of unexpended funds remaining in mutual-security program appropriations. If we give them, as recommended by the committee bill, another \$3.408 billion, this will mean that a total of \$12.216 billion in foreign aid funds will be available to our planners for use in fiscal year 1956. I can well imagine the waste that will follow when this huge pie is dissipated all over the world. Why, Mr. President, as of March 1, 1955, there was unobligated a total of \$4.1 billion in foreign aid funds, but we are told that as of June 30, 1955, there will remain only \$100 million in unobligated balances. Just think, in 4 months they will obligate \$4 billion of our money—\$1 billion per month. What a picnic our exponents of a global PWA program must be having.

Mr. President, how much time have I remaining?

The PRESIDING OFFICER. The Senator from Louisiana has 12 minutes remaining.

Mr. ELLENDER. I shall conclude my remarks at this time. I again urge the Senate to adopt the amendment which I have offered and which will mean a saving of over one-half billion dollars to our taxpayers.

Mr. JOHNSON of Texas. Mr. President, if it will be agreeable to the senior Senator from Nevada [Mr. MALONE], I should like to yield 5 minutes to the junior Senator from Ohio [Mr. BENDER]. The amendment offered by the senior Senator from Louisiana has not yet been acted on, and I understand the Senator from Nevada has an amendment he wishes to propose.

Mr. MALONE. I shall offer an amendment, and I expect to use a minimum amount of time.

Mr. JOHNSON of Texas. Is it agreeable to the Senator from Nevada to permit me to yield 5 minutes to the Senator from Ohio?

Mr. MALONE. It is agreeable to me.

Mr. BENDER. Mr. President, I am supporting the mutual security program. I always supported it in the House when I was a Member there, and I shall do so here, but I should like to offer some opinions about the problems we face in the Near East, and what we are doing to meet those problems.

I have been a strong believer in our program of economic assistance to Israel and the Arab States. Several years ago, when the late Senator Taft introduced legislation in the Senate to provide financial assistance to Israel, I was one of the first Members of the House to announce my support of that proposal. I am glad that that program was approved, for that is one example of how our foreign assistance is helping a people to meet the most critical financial difficulties and to build a sound economy. I am glad that we are continuing economic aid to Israel in the current program now before us.

Mr. President, I have always been deeply troubled by the continuing Arab-Israel conflict and I have felt that we should move most carefully in that area of the world lest we unwittingly contribute to a deterioration of the situation. That is why I have been opposed to the sending of arms into the Middle East prior to an Arab-Israel peace. Here again I have found myself in agreement with the late Senator Taft. In 1953, a month before he died, Senator Taft, who was a close student of Near Eastern problems, declared:

It is not our desire to stimulate an arms race. Money so spent could be far better used in resettling refugees, building schools, and developing land resources.

Senator Taft felt that arms should not be sent into the area, to either the Arab States or Israel, until peace within the region was achieved, and he said:

It is my belief that with skill and determination, peace may be established and an effective anti-Communist front developed through progressive economic cooperation.

Unfortunately, Senator Taft's views did not prevail and, at this moment, we are sending military assistance to Iraq. I believe that this is a mistake, from the

standpoint of peace in the Near East and from the standpoint of America's own best interest. I am afraid that this program endangers Israel. It may lead to a costly arms race. It may make it far more difficult to secure peace there. It may play into the hands of the Kremlin.

Mr. President, I have a long and continuing interest in this problem, for I was one of the earliest Members of Congress to take a position in favor of the establishment of a Jewish state in Palestine.

Late in 1942 we first learned of the extent and horror of the Nazi program to liquidate the Jews of Europe. I remember vividly that about that time the Jewish people of the city of Cleveland gathered together in the Cleveland public auditorium to try to arouse the conscience of the world against Hitlerism. The Jews of Europe—literally millions of them—were being wiped out by Nazi barbarism. The Nazi virus was spreading everywhere. It was sweeping Europe and beyond. It was infecting the Arabs in the Middle East and, on June 1, and 2, 1941, there was a cruel pogrom in Iraq, where hundreds of Jews were killed and many were wounded. The British, yielding to Arab pressure, were stopping Jewish immigration to Palestine, and the one road to escape from the Nazi death factories was being closed off. Iraq would not even grant transit visas to Jewish women and children, refugees from Poland, who were seeking to make their way as legal immigrants to Palestine. There were many Christians as well as Jews at that meeting in the Cleveland auditorium. I was there and I joined in the protest, and I warned against British policy in the Middle East and the disastrous consequences it might have for the Jewish people.

Mr. President, I am sorry to say that our Department of State was cooperating with the British in blundering appeasement back in those days. I earnestly pray that we shall not repeat the mistakes we made at that time.

I want to make it perfectly clear that I do not wish in any way to reflect on the motives of our Secretary of State, and the able officials who surround him. I believe Mr. Dulles is conscientiously and sincerely working for peace throughout the world and the building of free world defense. I believe that he is deeply interested in the peace of the Near East. I know that he regards himself as a friend of Israel, that he wants to see Israel survive and progress, and that he would like nothing better than to bring about an Arab-Israel peace. I take the floor today, not to impugn the intentions or to attack the policies pursued by our distinguished Secretary. My intention is to offer constructive suggestions for the modification and revision of our policy in order to attain our goals.

I believe that the basic criticism of Western policy in the Near East, a policy of both the British and our own Government, is that we seem to take the Arabs' war against Israel for granted, and that we are too prone to accept that war as a normal and natural feature of the Middle East landscape. I do not believe that we have done enough to make it clear to the Arabs that we most strong-



ly disapprove of that war and that we want it brought to an end as soon as possible.

In any consideration of the problems of the Near East, we ought to keep certain fundamental facts in mind.

It was the Arab States which rejected the U. N. partition resolution of 1947, and which went to war against that resolution in an attempt to stop Israel from coming into being. They failed in that invasion attempt and they have never, to this day, given up their hope of defeating Israel. So they keep up the most intense kind of boycott and blockade of Israel. They maintain a continuing propaganda war against Israel, and they now try to rewrite history by pretending that it was Israel that flouted the U. N. resolution and that they, the Arabs, are its valiant defenders. But they make no secret of their unorthodox position. They are at war with Israel. They are officially at war with Israel. They seek to justify the Suez blockade of Israel on these grounds.

In a speech delivered here in Washington on January 29, 1955, the Egyptian Ambassador repeatedly affirmed that "a status of war" is maintained. This is a most peculiar arrangement, for the Arabs apparently feel perfectly free to maintain a status of war with Israel, but should Israel respond to their belligerency, they cry out in indignant protest. Apparently, this is a limited liability war, wherein one side only is permitted to do the fighting, while the other side is obligingly expected to do the losing. These unprecedented circumstances furnish the background for recent events in the Negev, the southern part of Israel.

The Egyptians are now occupying this narrow Gaza strip on the western coast of Palestine. Originally, this area was to have been part of the Arab State under the U. N. 1947 partition resolution. But that Arab State never came into being because the other Arab States were opposed to the creation of both the proposed Arab State and the proposed Jewish State. They wanted to divide Palestine among themselves. So Egyptian armies marched into Palestine in violation of the U. N. resolution and in defiance of a solemn decision of the U. N. Security Council. They seized the Gaza strip. They tried to take the whole Negev. They tried to take Tel-Aviv, and they got to the hills just south of Jerusalem. They would have seized much more territory, but the Israelis stopped them and turned them back. Today their armies still occupy this little strip of territory known as Gaza, an area in which they have no legal title of any kind.

The Egyptians would still like to have all the southern part of Israel if they could. Their leaders make no secret of it. They admit it. They announce it. They have publicly declared, in fact, that we ought to make Israel give up part of the Negev, an area which was given to Israel under the 1947 U. N. partition resolution. They would like to have this territory turned over to Egypt as payment to her in order to induce her to join in our Middle East defense plans. What a low opinion the Egyptians must have of our diplomacy if they think that

they might pressure us to force Israel to cede territory to Egypt as a bribe to win her over to the West. In the meantime, however, the Egyptians would like to prevent the Israelis from settling in the Negev and consolidating their position there. So, from day to day, there is infiltration of the area, and raids and counter-raids, and some installation or water main is blown up and some settler or guard is killed. The strategy is clear. It is to try to terrorize Israeli settlers and to force them to stop their colonization and their development inside their own territory, which Egypt would like to have for herself.

This situation will not be ended merely by trying to fix the blame for each raid and each reprisal. Wars are not brought to an end by neutral scorekeepers. This situation will be ended only when the Arab States are ready to abandon their status of war with Israel and accept her repeated offers to negotiate a settlement of outstanding differences.

I do not believe the Western Powers can compel the Egyptians to change their position, but I do insist that it is wrong, it is unmoral, it is indefensible, for the Western powers to shut their eyes to Arab belligerency and to give the Arabs the impression that we condone their anti-Israel strategy and policy as normal, natural and understandable behavior.

Mr. President, one of the major weapons in the Egyptian war against Israel is the Suez blockade, and I want to talk about it for a moment because I find a reference to the Suez Canal in the hearings of the Senate Foreign Relations Committee on the foreign aid bill. Ships bound to and from Israel are denied the facilities of the Suez Canal. This means American ships and British ships as well as Israeli ships. This is a highhanded and illegal practice, which the U. N. Security Council condemned as far back as September 1, 1951, when that body adopted a formal resolution ordering Egypt to stop the blockade. For Israel, this is a serious economic problem.

One of the first blows struck by the Arabs in their economic blockade against Israel was Iraq's refusal to let oil flow to the great refinery at Haifa. As a result, operation of that installation, the second largest in the Middle East, was virtually suspended and its output lost to the Western world. In recent years it has been operated at a fraction of its capacity, using crude oil imported from distant places. Egypt has played her part in this squeeze for she does not allow Israel to bring oil through the Suez even though American tankers may be involved. Accordingly, Israel must pay much higher costs for transporting its imported crude oil. It has been estimated that the Suez blockade costs Israel an additional \$11 or \$12 million a year. This has some significance to us here in the Senate because our country has been properly and commendably assisting Israel with economic aid, and we have been compelled to put out more money than we otherwise would have if the Egyptians had not pressed this blockade policy.

For many months, Egypt and the United Kingdom were in a bitter dispute over control of the Suez base. We helped

settle that dispute. We acted as a friend of both states and played an important part in bringing about an Anglo-Egyptian agreement.

Mr. President, that was the time to insist that Egypt end the Suez blockade of Israel. If we were prepared to help Egypt and the British in their negotiations, we should have been ready to insist that Egypt meet her obligations to the international community, and agree to abide by the U. N. Security Council resolution of September 1, 1951.

There are others in this Chamber who recognized the importance of this issue. Last August, a group of distinguished Congressmen, including the Senator from Massachusetts [Mr. SALTONSTALL], the Senators from New York [Mr. IVES and Mr. LEHMAN] and Representatives BRAY and JAVITS, went to the Secretary of State to talk about this particular problem. After their conference, Senator SALTONSTALL declared:

By blockading shipping through the Suez Canal bound to and from Israel, Egypt is violating a binding decision of the United Nations Security Council in 1951 which ordered Egypt to reopen the Canal to friendly navigation. I expressed to Secretary Dulles the position that the United States should utilize the influence it has obtained through its cosponsorship of the Anglo-Egyptian Suez agreement to bring about a commitment by Egypt to end the blockade. This is a matter of central importance to United States prestige in the Middle East and the general security situation in that area.

Speaking for the delegation, the Senator from Massachusetts also raised the question whether military aid should have been promised to the Arab countries as long as they refused to negotiate peace treaties with Israel, maintained a state of belligerency, and employed such openly hostile practices as an economic boycott and blockade. Such military aid having been promised, he pointed out, the United States should at least take specific, concrete action to guarantee that the security of Israel shall not be weakened by these military agreements between the United States and Arab nations, and that the precarious balance of power in the Middle East shall not be upset.

I feel that this was not merely a responsibility we owed to Israel, a friendly democratic state. This was a responsibility we owed to the U. N. where, as the greatest democratic power in that organization, we have a duty to insist that orders by the Security Council be carried out. I am raising this issue at this point because the transcript of the hearings on this legislation makes it clear that we were holding back our economic aid to Egypt throughout this entire period in order to induce her to take a conciliatory position in the Anglo-Egyptian negotiations. On page 48 of the transcript of the hearings, the administration's spokesman, Mr. Harold Stassen, reveals that our economic-aid program has now been expanded in Egypt because, he says:

There was a delay in the beginning of the Egyptian program at the time of the intense dispute over the Suez.

And Mr. Stassen continues:

You could not very well improve an economy at a time there was an intense issue



over the Suez. When the Suez was settled, then we expanded the Egyptian program.

But, unfortunately, only one aspect of the Suez issue was supplied. The British-Egyptian dispute may have been settled, but apparently the Egyptians did not agree to keep this great international waterway open to international shipping, as they are obligated to do. Or, if they did agree, they soon forgot about it. Just as soon as the British and Egyptians signed, we released money that we were holding back, and during the current year, the administration allocated \$40 million for Egypt and there is more in the coming program.

What about the Suez? Will the Egyptians keep up their blockade just as in the past? Last fall the Israelis sent a ship through the canal. The Egyptians seized it. At the U. N. Security Council the Egyptians were told to release it and let it proceed on its way. But that was many months ago. The Egyptians still have that ship. No one says or does anything about it.

Mr. President, I do not want to give the impression that I am opposed to economic aid to Egypt. On the contrary, I believe in our programs of economic and technical assistance to underdeveloped countries, and I feel that we can do much to help Egypt and other Arab States, and to win the friendship of the Arab peoples, and to fight communism in that area by a program of economic aid. But while I favor economic aid to this area, I emphasize that I am strongly opposed to sending arms into the Near East in advance of peace.

Our attitude in this matter appears most paradoxical. We hold up economic aid to Egypt so long as it is in a dispute with the British. But the existence of the critical Arab-Israel conflict does not deter us from offering military aid to the Arab States, and at this moment we are sending military aid to Iraq, which has been so violent in her hostility toward Israel that she has never even signed an armistice with that country.

Mr. President, I am not going to take the time to review Iraq's attitude toward Israel or toward the Jews who once lived in Iraq or toward the Assyrians or the Kurds. The record is well known.

It seems to me that it would be sensible and principled and fair to say to Iraq, "We are ready to give you military assistance and training so that you can be able to defend yourself against the Communist threat, but we insist that you call off your war against Israel."

Civilized countries which belong to the United Nations and adhere to its charter are not entitled to carry on side-line wars.

Mr. President, I am going to vote for the proposed legislation, but I would do so with greater confidence if I were certain that the Western World was making a determined effort to win a peace settlement in the Middle East. The Israelis must be bewildered by our policy. They are a democratic people. They are ready to stand with the West. Here we are, arming their enemies but refusing arms to them. More than that, we are actively promoting a system of alliances in the area and Israel is excluded from membership. I call attention to the re-

cent Turkish-Iraqi Pact. Article 5 provides:

This pact shall be open for accession to any member state of the Arab League, or any other state actively concerned with the security and peace in this region and which is fully recognized by both of the high contracting parties.

This means that anybody can join this new pact except Israel. Israel is recognized by Turkey and has the friendliest relationships with Turkey. But it is not recognized by Iraq. We may not have joined this alliance, but we have been actively promoting it and have been arming both of its principles, the while Israel is barred from membership. Moreover, while we have an arms agreement with Iraq, the British are supplying arms to Jordan, Israel's eastern neighbor. The Egyptians have the means to buy large amounts of military equipment. To the Israelis, the situation is fraught with peril, for Israel is isolated and alone, and if it were attacked tomorrow, no one would be obligated to come to its assistance. This is a most unhealthy situation, and it does not make for a peaceful settlement, because the vulnerability of the Israelis must be a source of tempting encouragement to the Arabs.

Mr. President, since we have embarked on a program of bringing the Arab states into our western defense system, it seems to me that we should be giving very serious consideration to a defense agreement with Israel. Such a defense agreement would let the Arabs know, once and for all, that we will not permit another round of fighting in that area, and that we expect the Middle East to accept Israel as a partner in development and defense. Such an agreement would strengthen the defense system of the free world because it would bring to our side trained and disciplined armed forces which believe in democracy and which are ready to fight for it.

Many people have expressed themselves along these lines. Recently I came across a splendid article by Dr. Daniel Poling, a great Christian clergyman, editor of the Christian Herald, and chaplain of the Chapel of the Four Chaplains—and a good Republican, if I may say so. The article was published in the February issue of the American Legion magazine. I want to include this excellent statement as part of my remarks today. But before I conclude, I should like to quote several striking paragraphs:

It will avail us little if in the rear of our position of strength from Turkey to Pakistan, we simply tolerate the continuation of the present hot-and-cold war on the Arab-Israel frontiers. I believe we should take steps to make it possible for both the Arab states and Israel to play their part in the defense of the Middle East by supplying them with arms and technical military assistance. But it would be criminal folly to do so before the uneasy armistice along these borders has been replaced by a genuine peace. You don't give a gun license to a man who keeps on saying he's going to shoot his neighbor before he has to go at the burglar.

Dr. Poling concludes as follows:

We must never allow Israel to feel that she has been abandoned to her fate. Beyond all else Israel has something priceless to offer the world—faith in resurrection.

I do not believe that history is always on the side of the biggest battalions. Otherwise all our principles and values would long since have succumbed to the pressure of the barbarians. In adversity, we do not think of abandoning Chiang Kai-shek, who fought at our side in the most desperate struggle in our history. Similarly with Israel, whose citizens, then the Jews of Palestine, were numbered among our faithful allies.

I do not agree with those doleful souls who pessimistically think that the Arab-Israel quarrel is here to stay till doomsday. The history of the Middle East flatly contradicts that fatalistic assumption. Turk and Arab now live peaceably as neighbors after centuries of Ottoman rule. I see no reason why Jew and Arab cannot do the same after time has healed the rancors and wounds of the recent past.

For the defense of the Middle East we need the cooperation of all its peoples. Next to the Turks, Israel's capacity for self-defense has already been amply demonstrated in time of war, and simple concepts of geography dictate her participation in the overall alliance. We can, I believe, through a system of mutual guarantees, eradicate Arab fears of Israeli aggression. But, first of all, we must persuade all concerned that we do mean business, that we won't play favorites, and that we believe our record in the Middle East is clean and fair.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Louisiana [Mr. ELLENDER].

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that I may suggest the absence of a quorum, with the understanding that the time will not be charged to either side on the Ellender amendments.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. JOHNSON of Texas. Mr. President, I suggest the absence of a quorum. The PRESIDING OFFICER. The Secretary will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JOHNSON of Texas. Mr. President, I understand that the Senator from Louisiana [Mr. ELLENDER], desires to have the yeas and nays ordered on the question of agreeing to his amendments.

I now asks for the yeas and nays on that question.

The yeas and nays were ordered.

Mr. JOHNSON of Texas. Mr. President, how does the time stand now?

The PRESIDING OFFICER. The Senator from Texas has 54 minutes remaining.

Mr. JOHNSON of Texas. Mr. President, at this stage I have no requests for time.

If the Senator from Louisiana desires to use some of his time, that will be satisfactory, for I have no further requests for time. Does the Senator from Louisiana care to speak now?

The PRESIDING OFFICER. Is the Senator from Louisiana prepared to yield back the remainder of his time?

Mr. ELLENDER. Mr. President, I understand that no other Senator desires to speak on the amendments.



I wish to reiterate that these amendments would cut in half the amount proposed to be authorized for the defense-support program which, as I have demonstrated, is, in my humble judgment, purely economic aid.

I ask unanimous consent to have printed at this point in the RECORD a statement in further explanation of the amendments.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

# STATEMENT BY SENATOR ELLENDER

## DEFENSE SUPPORT AID

The amendment would cut in half the amount authorized for this program, as follows:

	Amounts authorized by committee bill	Amounts authorized by Ellender amendment
Europe.....	\$70,000,000	\$35,000,000
Near East and Africa.....	102,500,000	51,250,000
Asia.....	827,800,000	413,900,000
Total.....	1,000,300,000	500,150,000

"The general purpose of defense support is to enable a country to maintain a higher level of defense activity that would otherwise be possible. This type of aid consists primarily of machinery and commodities (including surplus agricultural commodities). When the goods are sold in the country being aided, the local currency received in the transactions is used for further defense purposes—sometimes for budget support or sometimes for other projects designed to increase the country's capacity to maintain armed forces of the desired size" (p. 17).

"The purpose of defense support is to make it economically possible for countries receiving military assistance to maintain larger military establishments than would otherwise be the case. It differs from economic assistance not so much in form as in purpose" (p. 9).

The \$1,000,300,000 authorized in the Senate bill is allocated as follows:

Cambodia, Laos, and Vietnam, \$379,300,000: About two-thirds of this amount will be used to help defray the internal expenses of the armed forces (p. 9).

Korea, \$272 million: About two-thirds of this amount will be used to finance imports of industrial raw materials and consumer goods. The local currency accruing from the sale of these items will be used to support the Korean Government's budget. Imports estimated to be financed through Korean defense support or direct forces support funds include raw cotton, \$40 million; fertilizer, \$61 million; petroleum, \$47.2 million; coal, \$34.8 million; machinery and vehicles, \$52 million; and clothing, \$85.2 million (p. 9).

Pakistan, \$63 million: Here the defense-support program will be aimed primarily at economic development (p. 9).

Philippines, \$19,700,000: As in Pakistan, this program will be aimed primarily at economic development (p. 9).

Formosa, \$62 million: The emphasis will be more on maintaining economic stability through financing the import of salable commodities to generate counterpart for armed forces budgetary support (p. 9).

Thailand, \$31,800,000: Here, too, the emphasis will be more on maintaining economic stability through financing the import of salable commodities to generate counterpart for armed forces budgetary support (p. 9).

Spain, \$28,000,000: The principal emphasis will be upon improvement of transportation facilities, particularly railroads, upon development of thermal-power sources to sup-

plement hydroelectric facilities which are affected by drought, and upon an agricultural program likewise aimed at reducing the effects of drought. Principal components of the Spanish program are:

	Millions
Improvements in railroad lines supplying joint military bases.....	\$6.9
Transmission lines and substation and switch gear for the power industry...	6.0
Irrigation and reclamation equipment to make possible resettlement of underemployed agricultural workers....	5.0
Imports of United States cotton.....	5.0

Of the local currency counterpart of \$26 million, 60 percent will be used for local currency costs of the United States base-construction program, 10 percent will be used for general United States purposes, and 30 percent for agreed projects in transportation and defense production (p. 17).

Yugoslavia, \$36,500,000: One million dollars is planned for technical exchange and \$35.5 million for commodity imports, the most important of which would be bread grains (chiefly wheat), \$11 million; cotton, \$5.5 million; and machinery and vehicles for eliminating transportation and industrial bottlenecks, \$7 million (p. 17).

Regional technical exchange program in Western Europe, \$5,500,000: This program is aimed at promoting economic expansion through the development of improved management techniques, the encouragement of competitive business practices, and the promotion of improved collective-bargaining practices. The United States-financed program is only a fraction of the activities financed by the Europeans themselves, and a substantial portion of United States expenditures will be for the costs of small staffs to work with the Europeans in planning and arranging for activities which, in themselves, will be totally financed by Europeans (p. 18).

Greece, \$15 million: "All for the import of wheat which would be sold in the civilian economy with the local currency proceeds going into the Greek defense budget. Without this aid, it appears doubtful that the Greek Armed Forces could be maintained at a level commensurate with NATO force goals. The committee feels that this assistance is especially necessary in view of the severe losses suffered by Greece in recent earthquakes" (p. 18).

Iran, \$37,500,000: "The defense-support program in Iran will consist of \$15.4 million in sugar and wheat and \$22.1 million in industrial items. The local currency generated by these imports will be used to meet local costs of defense construction projects (\$17.5 million), to provide budgetary support partially offsetting the increased costs of the Iranian Armed Forces (\$16.5 million), and to finance a part of the local currency requirements of the technical-cooperation program (\$3.5 million). Iran will not begin to receive oil revenues on a full scale until 1957, and in the meantime continued foreign assistance is necessary to help the Government meet its minimum obligations for defense and the civilian economy. Without such foreign assistance, the bright prospects for the future, which have developed in the last 2 years, would be jeopardized and the Communists would have a much better opportunity to recoup their losses in Iran" (p. 18).

Turkey, \$50 million: "Will be used primarily for transportation and agricultural equipment and for machinery for development of small industrial plants. The local currency counterpart generated by these imports will be used in the Turkish defense budget to make up the difference between what the Turks themselves are able to spend and what is required to meet the defense levels set by NATO. Although the Turkish economy has made substantial progress since United States aid began in 1947, it has been

handicapped by high-defense expenditures. Agricultural production suffered last year because of unfavorable weather conditions. Heavy capital investments, combined with defense spending, have contributed to inflation and to a large foreign exchange deficit" (pp. 18-19).

The PRESIDING OFFICER. The question is on agreeing to the amendments of the Senator from Louisiana [Mr. ELLENDER].

Mr. JOHNSON of Texas. Mr. President, is the Senator from Louisiana prepared to yield back the remainder of his time, so that the yea-and-nay vote can now be taken?

Mr. ELLENDER. Yes.

Mr. JOHNSON of Texas. Then, Mr. President, I shall yield back the remainder of my time.

Mr. SPARKMAN. Before that is done, Mr. President, will the Senator from Texas yield one-half minute to me?

Mr. JOHNSON of Texas. I am glad to do so; and I yield one-half minute to the Senator from Alabama.

The PRESIDING OFFICER. The Senator from Alabama is recognized for one-half minute.

Mr. SPARKMAN. Mr. President, merely for the purpose of stating the committee's position, I wish to say that the question of the amounts authorized was carefully considered by the committee. I think I can say that we went into it most thoroughly. We are opposed to any reduction, and certainly we are opposed to the amendments of the Senator from Louisiana.

Mr. KNOWLAND. Mr. President, will the Senator from Texas yield one-half minute to me?

Mr. JOHNSON of Texas. I yield.

The PRESIDING OFFICER. The Senator from California is recognized for one-half minute.

Mr. KNOWLAND. Mr. President, I wish to join the Senator from Alabama and the committee in opposition to these amendments. In my opinion they would be detrimental to the defense phases of the program, because the defense support is certainly a key part of the defense program in the collective-security system.

I believe the committee felt—and so recorded itself by an overwhelming vote—that such a reduction as is proposed by the Senator from Louisiana should not be made; and the committee supported the amount contained in the bill.

Mr. JOHNSON of Texas. Mr. President, I yield back the remainder of my time, on the condition that the Senator from Louisiana will yield back the remainder of his time.

Mr. ELLENDER. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time has been yielded back.

Mr. JOHNSON of Texas. Mr. President, the yeas and nays have been ordered, and I ask that the roll be called.

The PRESIDING OFFICER. The question is on agreeing to the amendments of the Senator from Louisiana on page 4, in lines 6, 8, and 10.



On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll. Mr. JOHNSON of Texas. I announce that the Senator from Kentucky [Mr. CLEMENTS], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Tennessee [Mr. GORE], the Senator from Arkansas [Mr. McCLELLAN], the Senator from Wyoming [Mr. O'MAHONEY], and the Senator from North Carolina [Mr. SCOTT] are absent on official business.

The Senator from Massachusetts [Mr. KENNEDY] is necessarily absent.

The Senator from Montana [Mr. MURRAY] is absent by leave of the Senate to attend the International Labor Organization meeting in Geneva, Switzerland.

On this vote the Senator from Kentucky [Mr. CLEMENTS] is paired with the Senator from Arkansas [Mr. McCLELLAN]. If present and voting, the Senator from Kentucky would vote "nay" and the Senator from Arkansas would vote "yea."

The Senator from Arkansas [Mr. FULBRIGHT] is paired with the Senator from South Dakota [Mr. CASE]. If present and voting, the Senator from Arkansas would vote "nay" and the Senator from South Dakota would vote "yea."

I further announce that if present and voting, the Senator from Montana [Mr. MURRAY], the Senator from Wyoming [Mr. O'MAHONEY], and the Senator from North Carolina [Mr. SCOTT] would each vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Colorado [Mr. ALLOTT] is absent on official business.

The Senator from South Dakota [Mr. CASE] and the Senator from Kansas [Mr. SCHOEPEL] are absent by leave of the Senate.

The Senator from Utah [Mr. WATKINS] is absent on official business for the Committee on the Judiciary.

The Senator from New Hampshire [Mr. BRIDGES] is necessarily absent.

On this vote, the Senator from Colorado [Mr. ALLOTT] is paired with the Senator from Kansas [Mr. SCHOEPEL]. If present and voting, the Senator from Colorado would vote "nay," and the Senator from Kansas would vote "yea."

Also, the Senator from South Dakota [Mr. CASE] is paired with the Senator from Arkansas [Mr. FULBRIGHT]. If present and voting, the Senator from South Dakota would vote "yea," and the Senator from Arkansas would vote "nay."

The result was announced—yeas 27, nays 56, as follows:

## YEAS—27

Barrett	Ellender	Malone
Bricker	Ervin	McCarthy
Butler	Frear	Mundt
Byrd	Goldwater	Robertson
Chavez	Hruska	Russell
Curtis	Jenner	Thurmond
Daniel	Johnston, S. C.	Welker
Dworshak	Langer	Williams
Eastland	Long	Young

## NAYS—56

Aiken	Bible	Dirksen
Anderson	Bush	Douglas
Barkley	Capehart	Duff
Beall	Carlson	Flanders
Bender	Case, N. J.	George
Bennett	Cotton	Green

Hayden	Kuchel	Payne
Hennings	Lehman	Potter
Hickenlooper	Magnuson	Purtell
Hill	Mansfield	Saltanostall
Holland	Martin, Iowa	Smathers
Humphrey	Martin, Pa.	Smith, Maine
Ives	McNamara	Smith, N. J.
Jackson	Millikin	Sparkman
Johnson, Tex.	Monroney	Stennis
Kefauver	Morse	Symington
Kerr	Neely	Thye
Kilgore	Neuberger	Wiley
Knowland	Pastore	

## NOT VOTING—13

Allott	Gore	Schoeppel
Bridges	Kennedy	Scott
Case, S. Dak.	McClellan	Watkins
Clements	Murray	
Fulbright	O'Mahoney	

So Mr. ELLENDER's amendment was rejected.

## MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its clerks, announced that the House had passed, without amendment, the bill (S. 414) to authorize an examination and survey of the coastal and tidal areas of the eastern and southern United States, with particular reference to areas where severe damages have occurred from hurricane winds and tides.

The message also announced that the House had passed the bill (S. 654) to amend the Servicemen's Readjustment Act of 1944 to extend the authority of the Administrator of Veterans' Affairs to make direct loans, and to authorize the Administrator to make additional types of direct loans thereunder, and for other purposes, with an amendment, in which it requested the concurrence of the Senate.

## MUTUAL SECURITY ACT OF 1955

The Senate resumed the consideration of the bill (S. 2090) to amend the Mutual Security Act of 1954, and for other purposes.

Mr. MALONE. Mr. President, I offer an amendment, which I ask to have stated.

The PRESIDING OFFICER. The Secretary will state the amendment.

The CHIEF CLERK. At the appropriate place in the bill it is proposed to insert a new section, as follows:

SEC. —. All available funds already authorized and, in addition, the \$3,408,000,000 to be authorized by this bill are hereby transferred to the National Defense Administrator to be expended in the construction and maintenance of long range sonic speed bomber fighters and interceptors, guided missiles and atomic energy driven submarines, including the necessary bases and accessories for their efficient operation.

Mr. JOHNSON of Texas. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER (Mr. McNAMARA in the chair). The Senator will state it.

Mr. JOHNSON of Texas. As I understand, the distinguished Senator from Nevada [Mr. MALONE] is entitled to speak for 1 hour on his amendment, and I control 1 hour of debate in opposition to the amendment. Is that correct?

The PRESIDING OFFICER. The Senator from Texas is correct.

Mr. JOHNSON of Texas. I am prepared to yield back 30 minutes of my time if that is agreeable to the Senator from Nevada and if he is prepared to yield back 30 minutes of his time.

Mr. MALONE. That is agreeable to me. I yield back 30 minutes.

Mr. JOHNSON of Texas. I yield back 30 minutes. I ask the Senator from Nevada to permit me to yield to several Senators very briefly in order to make some insertions in the RECORD.

Mr. MALONE. I am glad to do so, provided the time is not charged to me.

Mr. JOHNSON of Texas. The time will be charged to me. I first yield to the Senator from Maine [Mrs. SMITH].

## SENATOR SMITH OF NEW JERSEY AND SENATOR SMITH OF MAINE, DOCTORS OF LAWS

Mrs. SMITH of Maine. Mr. President, yesterday one of the distinguished Members of this body, the senior Senator from New Jersey [Mr. SMITH], was appropriately honored by his alma mater where he was a student of law—Columbia University—with the degree of doctor of laws.

Knowing that this body is most proud of the senior Senator from New Jersey and grateful to Columbia University for the honor it has bestowed on one of its illustrious graduates, I ask that the citation made in the awarding of that degree be inserted in the body of the RECORD, and I invite the attention of every Member to the citation.

There being no objection, the citations were ordered to be printed in the RECORD, as follows:

## HOWARD ALEXANDER SMITH

Dr. KROUT. HOWARD ALEXANDER SMITH is presented for the degree of doctor of laws. Columbia shares Senator SMITH with Princeton, for he trod these very steps in the early years of the century as a youthful student of law. Princeton had prepared him in the liberal arts. A lawyer, a man of the people, a master of the science of politics and government, his varied career has found him always busy, ever generous, constructive in works and in philosophy, never dismayed by foreboding events. The Rocky Mountain region was for years his home. To join Herbert Hoover's United States Food Administration he returned to the East. The years that followed were devoted largely to relief of human suffering in Europe. But return to his beloved Princeton was inevitable, and his years as lecturer on international affairs and as an official of his alma mater were fruitful indeed. Today, as for more than a decade, he represents our neighbor State in the United States Senate. He does so with unchallenged integrity, with eloquence and with wisdom born of long experience.

President KIRK. HOWARD ALEXANDER SMITH: That our framework of National Government, so carefully and wisely formulated by our forefathers, should have endured to become ever stronger is due not alone to the sagacity of the founders. That men of complete devotion to our heritage so often are called by the electorate to high councils in government is defense sufficient against the willful individuals who endeavor to do us and our institutions harm. You have been a man of devotion. Yours is a career in the best tradition of our legal profession and American politics. The univer-



sity which shared in your training delights today to testify to the success of your service.

Mr. JOHNSON of Texas. I should like to associate myself with the statement of the Senator from Maine on our beloved friend, the Senator from New Jersey [Mr. SMITH]. I believe Columbia University, in honoring him, honors itself. I am glad he is back with us today, and I hope that as a result of his presence the passage of the pending bill may be expedited.

Mr. SMITH of New Jersey. Mr. President, I desire to express to my distinguished colleagues my deep appreciation for their kind words. I could not quite hear whether the citation referred to by the distinguished Senator from Maine [Mrs. SMITH] also included the citation made in awarding the same degree to her. The Senator from Maine enjoys the highest esteem and affection of all her colleagues. I am proud to have shared with her the honors at Columbia University yesterday. I ask unanimous consent that her citation may be printed in the RECORD also.

There being no objection, the citation was ordered to be printed in the RECORD, as follows:

MARGARET CHASE SMITH

Dr. KROUT. MARGARET CHASE SMITH is presented for the degree of doctor of laws. Columbia honors this gracious lady for many reasons. She pioneers in the Nation's capital as the first woman Senator from her native State of Maine; indeed, first of an Eastern State. A distinguished Member since 1948 of the "most exclusive gentlemen's club in the world," Senator SMITH reaffirms the growing realization, wisely recognized by her astute constituents, that ability and proven performance, rather than sex, provide the reasonable standards for political selection. Chosen first in 1940 to represent the Second Maine District in the 76th Congress, she gained quickly the respect of her colleagues of the 48 States. Elections in Maine have bothered her little since. In days that are active, she thinks less of elections than of people. The women of our Nation—happily a populous group—consider Senator SMITH as their Senator-at-large, but the record shows that she discriminates not in their favor, opposing always unfair privilege. Scholarly is the word for her utterances, moderation and integrity of the individual her philosophy, relentless industry her trait. Fear she does not know, as men have learned who thunder empty phrases. She merits well, sir, the salute of this university.

President KIRK. MARGARET CHASE SMITH: With fine hand and clear mind, you are writing your chapter of history. You represent more than the people of Maine in our halls of state. You represent those Americans who, seeing well the present danger, will meet it without sacrifice of the precious principles which are our common heritage. Columbia halls you as an outstanding citizen.

Mr. WILEY. Mr. President, I wish to join in the complimentary remarks the distinguished Senator from Texas has made. I wish also to compliment the distinguished Senator from Maine [Mrs. SMITH], who also received her honorary doctorate at Columbia University. I am glad to see that it has not affected either one of them seriously.

Mr. JOHNSON of Texas. I did not have the information that the Senator from Maine also had been honored by Columbia University. I am happy to

know that she was, because for many years I have treasured her friendship and have had high respect for her as a public servant.

Mr. WILEY. This is the first time the Senator from Texas has admitted that he is not up on important questions.

Mr. JOHNSON of Texas. I thank the Senator from Wisconsin for his usual graciousness.

STATE, JUSTICE, AND JUDICIARY  
APPROPRIATIONS, 1956—ADDITIONAL CONFEREES

Mr. KILGORE. Mr. President, I ask unanimous consent that the Chair appoint additional conferees on H. R. 5502, the State, Justice, and Judiciary appropriation bill.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and appoints the Senator from Arizona [Mr. HAYDEN], the Senator from Florida [Mr. HOLLAND], the Senator from Kentucky [Mr. CLEMENTS], the Senator from Montana [Mr. MANSFIELD], the Senator from South Dakota [Mr. MUNDT], the Senator from Maine [Mrs. SMITH], the Senator from Illinois [Mr. DIRKSEN], and the Senator from Iowa [Mr. HICKENLOOPER] additional conferees on the part of the Senate.

MUTUAL SECURITY ACT OF 1955

The Senate resumed the consideration of the bill (S. 2090) to amend the Mutual Security Act of 1954, and for other purposes.

Mr. JOHNSON of Texas. Mr. President, I should like to make a brief announcement for the information of the Senate. I understand that the Senator from Louisiana [Mr. LONG] has an amendment to offer, that the Senator from California [Mr. KNOWLAND] has an amendment, that the Senator from Wisconsin [Mr. MCCARTHY] has an amendment, and that the senior Senator from Louisiana [Mr. ELLENDER] has a series of amendments. Under the unanimous-consent agreement we could have as much as 2 hours' discussion on each amendment, but because the Senators are anxious to cooperate and conclude consideration of the bill within a reasonable time, I am informed that the Senator from Nevada [Mr. MALONE] will take only 30 minutes, that the junior Senator from Louisiana [Mr. LONG] will probably take in the neighborhood of 30 minutes, and we hope not much more than that time will be taken in connection with the Knowland amendment. I have not been able to contact the Senator from Wisconsin [Mr. MCCARTHY]. The senior Senator from Louisiana [Mr. ELLENDER] states that on each of his amendments he will consume less than the time allotted. Therefore, Mr. President, if Senators can remain, it is possible, and very likely, I think, that we can pass the bill this evening. The leadership is prepared to ask the Senate to remain in session until a reasonable hour, 9, 10, or maybe 10:30 o'clock, if the bill can be passed. Otherwise we shall have to pass it on Friday or Saturday. The bill should be acted on by

the Senate, because there is other proposed legislation scheduled for consideration beginning next week. Therefore I appeal to Senators to cooperate, and I thank all the Senators who are willing to reduce their time. I am especially thankful to the Senator from Nevada.

GLOBAL GIVEAWAY IT IS VERSUS NATIONAL SECURITY

Mr. MALONE. Mr. President, I oppose this bill to give additional billions of taxpayers' dollars to foreign nations.

I have been given to understand that there are approximately \$9 billion unexpended dollars already authorized for this purpose and carried over from previous appropriations, which, added to the \$3,408,000,000 provided in this bill would equal more than \$12 billion available to be spent in foreign nations which even now, according to our administrative officials, are trading with our potential enemies.

Most of these beneficiaries of our foreign aid have recognized Communist China and are working, with the support of some of our own people, to bring about Communist China's admission to the United Nations.

EUROPE ON AMERICAN DOLE SINCE 1948

Mr. President, we have been sending money to Europe since 1948. Even before that time there was a loan of \$3¾ billion to Britain. It would no doubt embarrass the Senate if I were to read what I said regarding that loan in 1948. When the loan was made I was not a Member of the Senate, but I was aware of the promises that were made when the first loan was extended. And as a Member of the Senate I have been aware of the promises which have been continually made since that time as to what would be done by those nations in the event we gave them new grants and credits such as those under the Marshall plan, the ECA, MSA, the FOA, and other trick agencies with trick names that are always cooked up a little ahead of the public's understanding as to what is happening to their tax money.

BIG PROMISES; SKIMPY PERFORMANCE

We have had big, beautiful promises, Mr. President, every time we have been sold a multi-billion-dollar bill of goods, but in return we have received only meager and minimum performance—and sometimes none at all—from the countries which have received these billions.

FREE MONEY, FREE FOOD, FREE GOODS FLOW OUT TO FOREIGN COUNTRIES

We have sent money continually to those nations to buy our goods. We are now sending to foreign nations, without cost, for the most part, agricultural products which we have bought and stored in the United States. We are sending them free defense materiel, most of which, I am sorry to say, is obsolete. That is all done in the interest of prosperity and peace.

Mr. President, the history of individuals and nations has been that they are heroes as long as the money holds out. When the money is gone we look around, and our so-called friends have disappeared.



**WHY WASTE WEALTH ON FOREIGN NATIONS  
WHILE OUR OWN NATIONAL DEBT REMAINS  
HIGHEST IN WORLD?**

Mr. President, ever since I took my oath of office in 1947 as a United States Senator I have opposed wasting America's wealth, oil, and resources on foreign nations while our national debt remains the highest in the world, our budgets go unbalanced, and our taxes remain at wartime levels.

Not only do we owe approximately \$275 billion, but a few years ago a Communist British subject came to this country and persuaded our then President that the more we owed the more wealthy we would be. Those two persons are dead, but we have this \$275 billion debt which we must face.

**FOREIGN HANDOUTS CONTINUE WHILE UNITED  
STATES TAXPAYERS OWE \$400 BILLION**

In addition to that, we have guaranteed the payment of some \$140 billion to \$150 billion through other methods of allowing offshoot organizations to either bond themselves or pay out money for which the taxpayers of this Nation are just as responsible for payment as they are for the payment of the national debt in case of any default. That adds up to over \$400 billion owed by our taxpayers.

Some people say they owe it to themselves, so that they should not worry. But I have been in debt to a bank, Mr. President. It was only a community bank, but it sometimes becomes embarrassing if I do not pay the interest on the debt. A man could go broke under those circumstances, and we can go broke as a nation.

**GOVERNMENT SHOULD PUT SECURITY ABOVE  
WORLD SOCIAL OBLIGATIONS**

The first duty of the Government, as I see it, is to look to its own welfare and security, to its own resources and economy.

If it be true, as it is alleged, that we can defend the Western Hemisphere, then, before we put out additional sums, and before we argue whether we are going to defend this or that area, should we not determine what our objectives are?

Are we trying to discharge our social obligations throughout the world, or are we trying to arrange for the security of this Nation?

That is the first decision to make. I have made my decision. I think we should determine what will contribute to the security of this Nation. A stable economy is the first point to establish. Instead, for the past 22 years successive administrations have been afflicted with what I call global giveawayitis.

**GLOBAL GIVEAWAYS BEGAN IN 1943 WITH GIFT OF  
UNITED STATES MARKETS**

In 1934 a New Deal administration and a New Deal Congress embarked on a program of giving away our markets to foreign countries, under the so-called Trade Agreements Act.

In 1940 we moved into a war economy, and the national debt limit was raised from \$45 billion to \$49 billion. That was about the time that our distinguished visitor from England, Lord Keynes, convinced our President that the more we were in debt, the more wealthy we were.

So we threw all caution to the winds and started voting more bonds.

**SOVIET RUSSIA EARLY BENEFICIARY OF UNITED  
STATES BILLION-DOLLAR AID**

In 1941 we started giving money, goods, and munitions to foreign countries, including Soviet Russia, to which we extended an initial lend-lease credit of \$1 billion. Later we were to increase this to \$11,242,000,000, of which \$465 million was handed to Russia after the war.

Our wartime foreign aid totaled \$49 billion plus, of which Britain got the most, \$35 billion plus, with Russia ranking second.

The war ended, but foreign aid has never stopped.

I predicted in 1947, when I was a freshman in the Senate, that it was not likely to stop, and it has not.

In a floor speech on April 21, 1947, I said:

I object on principle to a policy which seeks to stampede us into further huge loans and gifts and actions which all agree will in all probability result in establishing a definite policy trend for this Nation.

That was a very modest statement, but it has proved to be correct.

**GLOBAL GIVEAWAY DISEASE CHRONIC**

Giving our goods and wealth away to foreign nations has become more than a trend; it is a disease. The disease is chronic. Every year about this time we break out in a new rash to give away more billions, and to give them away in a hurry. We are in so much of a hurry that we hardly understand what the legislation is about.

In the same speech, I pointed out that no adequate information or reliable information was being made available about the program, and that no opportunity was being given for the thorough investigation which is certainly justified before Congress embarks on such a policy or program.

**CONGRESS KEPT IN DARK BY FOREIGN-AIDERS**

That is as true now, Mr. President, as it was then. In the bill we are asked to hand out \$3,530,000,000 to foreign countries for assistance of various types.

We are told the amount of money some countries will receive, and that there will be several hundred million which the President can spend anywhere and in any way he chooses. But we have no specific information about any program, what kind of military assistance, or what type of economic projects we intend to pay for in the various countries.

In other words, Mr. President, we are making out a check for \$3,530,000,000 to the President to spend in foreign countries, and to spend just about as he pleases.

The distinguished Senator from Louisiana reported on the Senate floor yesterday his experiences in attempting to obtain information on the foreign-aid program from Mr. Harold Stassen, the administration's Santa Claus.

**DOES FOA DIRECTOR HIMSELF KNOW WHAT FOA  
IS DOING?**

Mr. President, can we get information from a man who probably does not have it himself? I doubt if he has a list of all the projects financed since he has

been at the head of the FOA, and the ECA before that.

The distinguished Senator from Louisiana said that he had been attempting for the past 3 months "to obtain facts about the unexpended balances, also about the kind of projects in foreign lands which were being considered in order to compare them with projects in our own country which are being denied funds." He has not obtained the information.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. MALONE. I yield.

Mr. LANGER. Does the Senator remember that it was only about a year ago when the FOA discovered that it had a billion dollars more than its books showed it had? That was how they kept track of their affairs on mutual aid at that time.

Mr. MALONE. Congress is not allowed to inspect the books. Everyone else in the world will know about the affairs of the FOA except those who furnish the money.

**INQUIRY TO DIRECTOR STASSEN GOES  
UNANSWERED**

On May 6, I requested somewhat similar information from Mr. Stassen. In a letter to Mr. Stassen, I asked the following information:

A list of all authorizations for hydroelectric, irrigation, reclamation, and flood-control projects made by the FOA.

A list of all authorizations to foreign countries made for mining and minerals developments, and for the procurement of mining equipment.

A list of all guaranties, in whole or in part, of private investment in foreign countries.

And allotments made to foreign countries by FOA to finance purchases of American-made products, farm commodities, and coal, broken down as to countries and to commodities.

**INFORMATION SOUGHT NOT CLASSIFIED**

Mr. President, it will be noted that none of these requests for information in any way involved military information or other material which might be classified.

All of it was material which should be readily accessible in the files of the Foreign Operations Administration, if it keeps files of its handouts to foreign nations.

All of the information should be at the fingertips of Mr. Stassen and his aides in making up their own budgets and in keeping accounts of their own expenditures.

**SENATOR MALONE QUESTIONS AMOUNT OF AID  
REACHING SOVIET RUSSIA**

Mr. President, there are other questions which the Senate might well ask of Mr. Stassen before voting this \$3½ billion in new aid.

One such question might well be what amount of this aid, in his estimation, winds up in Soviet Russia.

**NEWSPAPER REPORT CITED**

The May 27, 1955, issue of the New York Journal of Commerce touches on this vaguely in an article headed "Oils Firm as Russia Buys in Europe." I shall quote the first four paragraphs:



The Russian bear, according to trade reports, apparently has switched his taste from honey to edible, vegetable oils, and what are described as "huge" shipments of United States cottonseed oil sent to certain West European countries which have been transshipped behind the Iron Curtain.

Mr. President, I do not blame Russia or the Iron Curtain countries. Why blame them for something for which Congress is responsible? Those countries are simply a little smarter than we are; that is all.

I have said on the floor that European nations are the worst offenders, but that I had a high regard for the European nations. I admire the English people, especially, on two counts: First, they have brains; second, they are for England. Ours is the only nation which produces people who are not for it.

#### SOVIET BUYING INCREASES COSTS IN WORLD MARKET

I continue to quote from the New York Journal of Commerce:

Heavy buying by the Soviet and Soviet bloc nations to fill their edible oils larder has contributed to a strengthening of the fats and oils market worldwide, sources reported, and is a factor in the current firm price structures here of cottonseed, soy, corn, and peanut oils.

While periodic Russian buying of CCC oil in large quantities from nations to which the United States has sent supplies at comparatively low prices has long been suspected, it has been hard to pin down—particularly as to quantity.

However, as trade circles point out, such comparatively small countries as the Netherlands, which has been taking large supplies from the United States, cannot logically be assumed to consume such quantities and the Soviet represents a willing market for transshipment.

#### MALONE ASKS WHAT STUDIES MADE OF FOREIGN AID DIVERSION TO REDS

Mr. President, this is an obviously guarded report, but the implication is quite clear. The implication is that agricultural products being dumped in foreign aided nations are going in some amounts behind the Iron Curtain.

Has the Foreign Relations Committee, which made the report urging continuation of this program and the authorization of new billions to finance it, made any study of the types and amount of foreign aid which ends up in Communist Russia or Communist-bloc countries?

Has it made any study of transshipments of such commodities by aided countries to the Reds?

Has it ever asked Mr. Harold Stassen or his agency whether it has made such a study, and if it has, what the agency has reported?

Does anybody know where our foreign aid is winding up, or that portion of it which is movable? Some of it, I remember, wound up in the hands of the Red Chinese aggressors in Korea.

#### RED AGGRESSORS IN KOREA FOUGHT WITH MATERIAL MADE IN U. S. A.

I made a statement while the war was in progress in Korea that 75 percent of the material being shot at our boys over there had been financed by their fathers at home through all kinds of foreign aid and other shenanigans, just as we armed

Japan by sending oil and scrap iron out through the Golden Gate prior to 1941. No one could stop it; many of us tried.

Where will the aid we are asked to authorize today wind up? Will someone kindly tell me? I should like to know.

Mr. Stassen has never replied to my letter, nor has he acknowledged it. It is obvious to me that he does not want Members of the Senate to have this information. Or perhaps he thinks it is none of our business. Maybe he just does not know.

#### CONGRESS AND PEOPLE ENTITLED TO KNOW WHERE FOREIGN AID DOLLARS GO

I think it is our business. I think that the Constitution of the United States intended it to be our business to know what we were authorizing funds for. I think it is vital to know what we expect to buy with the taxes we collect from the people in our 48 States, who are being denied the roads, projects, schools, and jobs they need, in order that there may be built projects and roads in foreign countries to provide payrolls and jobs for foreigners.

Every dollar and every dime this Government pays out, Mr. President, must come ultimately from our taxpayers.

Three billion, five hundred and thirty million are a lot of dollars. They are dollars the American people would like to keep in their pockets, or to pay out to their States and municipalities for public works, services, and projects that would benefit their own families, communities, or localities.

Three billion, five hundred and thirty million dollars works out to \$21.51 for every man, woman, and child in the United States; to more than \$100 for a family of five.

That is a big contribution, Mr. President, to foreign prosperity and welfare, when America needs so many things at home.

#### DEBT AND DEFICITS CONTINUE WHILE FOREIGN AID GOES ON FOREVER

But it is only a fraction of what the American people have paid out to foreign countries since the war.

As I said earlier, foreign aid has never stopped. Under one name or another, it has continued ever since it started, while our deficits continued and our national debt increased to the astronomical peak of over \$275 billion to which there must be added the \$240 billion or \$250 billion that we have guaranteed.

Last year we temporarily lifted the debt ceiling \$6 billion until tax collections came in, with a proviso that on June 30 the debt limit of \$275 billion should be adhered to. Now I understand we shall again be faced with the same request. This administration is following the line of the last two administrations: "Make good time with debts. The more you owe, the wealthier you are."

#### UNCLE SAM FINANCING A GREEDY WORLD

The Secretary of the Treasury says that this year he will again ask for a higher ceiling on the debt limit. He will not have to if this bill giving taxpayers' dollars to foreign nations, some of them, like India, neutral, if not hostile,

and most of them lacking the will to defend or help themselves, is defeated.

Foreign nations will not have that will, either, so long as we play the rich uncle, ready with handsome handouts whenever any one of them comes begging. Some of these nations, I am happy to say, are too proud to beg. So when that occurs Mr. Stassen's office forces our dollars on them. It is a strange and greedy world, and we are financing it.

Since World War II we have financed it to the tune of \$52,383,000,000, to which this bill proposes to add \$3,530,000,000 more. We have continued to finance it under a variety of excuses.

#### WORLD AID SLOGANS CHANGE WHILE BILLIONS TO FOREIGN AREAS NEVER CEASE

First the slogan was relief and rehabilitation. We all remember UNRRA. Under UNRRA we helped relieve and rehabilitate Soviet Russia and her satellites, and to some extent the Chinese Communists.

Rehabilitated Russia bit the hand that fed her, and the rehabilitated Red Chinese took over China.

There was the British loan, and some of us will remember William Dexter White, the Soviet spy, explaining to the Senate Committee on Banking and Currency that if we would loan England \$3,750,000,000, England would be "willing to assume the risk of selling her products in fair competition with the exporters of other countries."

As I reported in the Senate in April, 1947, Mr. White told us that England is willing to commit herself to our program of fair currency and trade practices in order to encourage an expansion of world trade."

#### BRITISH SLOGAN FACTORY IN CONSTANT PRODUCTION

The London bankers invented the phrase "dollar shortage." They invented the phrase "reciprocal trade." Mr. Butler, Chancellor of the Exchequer in 1952, invented the phrase "Trade, not aid." The people in London just beat us on the slogans; all we do is repeat them and keep on paying the money.

In the 1947 floor speech I referred to earlier, I asked:

What is the result? (of Mr. White's assurances). British discrimination against American trade has continued in full force just as before. Her actions constitute a conspiracy of restraint against the American exporters just as surely as did those of Nazi Germany. The rigid system of licensing which is operated by the British Government is directed specifically against our trade in view of the fact that we are the great exporting Nation of the world.

I digress to say, Mr. President, that the same promises are being made today, 9 years later, and they will continue to be made.

I resume reading from that floor speech:

The sterling bloc system is one by which the British pound is artificially overvalued—

I said this in 1947—

by more than twice and by which American goods can be successfully kept out of great world markets, which the British seek to dominate and control.



# EMPIRE PREFERENCE DISCRIMINATION CONTINUES UNDER GATT

The empire preferential rate system is recognized by that great organization in Geneva known as the General Agreement on Tariffs and Trade. So a bill will come before the Senate, I suppose, which it will be said will permit the Senate to pass on the General Agreement on Tariffs and Trade. But will the Senate pass on it? I want to say to my colleagues they are not going to pass on anything.

There is a reorganized GATT, under the name OTC—Organization for Trade Cooperation. If the Senate turns it down, it will not touch GATT. If the Senate approves it, it will approve GATT. Very clever. They are just as clever as they were under the first President who started this business over 22 years ago.

## WARNINGS IN 1947 EQUALLY SOUND TODAY

Every word I said in 1947 is equally true now, 8 years later, despite the promises of Mr. White, the Soviet spy; but we are still extending aid to Britain.

Relief and rehabilitation was followed by a new slogan recovery, which became the Marshall plan. Soviet Russia was originally invited in, but declined.

The Marshall plan was supposed to be a 4-year plan, was supposed to cost the American taxpayer \$17 billion, and end forever at the end of the 4 years. They just had a running start at the end of 4 years. That Marshall plan was just a start. And Marshall had just as much to do with it, I might add, as did the Members of the Senate.

When the 4 years were up it was necessary to invent a new slogan, and the giveaway bureaus were quick to come up with one. The new slogan and theme song became "rearmament" and "mutual security."

New letterheads were printed and Congress kept pouring out funds.

## PROGRAM OF GLOBAL HANDOUTS ENDLESS

We have heard in the debate today that is the program of the United States of America to continue to put taxpayers' money in countries all over the world. There is no question about it. I said it in 1947, and it is so today, 8 years later.

The old term "mutual security" has been retained in the pending bill, but I note the report of the Committee on Foreign Relations refers to the principle of collective security.

Other nations collect and we secure them.

## UNITED STATES SHOULD LOOK TO OWN SECURITY FIRST

Mr. President, before we vote this \$3,530,000,000 we should first look to our own security.

Recently a flight of heavy Russian jet bombers over Moscow, similar to our B-52's caught our diplomats by surprise. It apparently has caught the Pentagon by surprise also.

Mr. President, let no one get the idea that there are not scientists in Russia. They have most of the oldtime scientists from Germany, whom they used in Russia to start the program off.

In any event since the flight plans for production of United States heavy bombers have been upped from 11 wings or 330 B-52's to 500 B-52's, we do not have one wing of the giant long-range Boeing aircraft now.

## SENATE REPORT OF YEAR AGO WARNED OF UNITED STATES PLANE PRODUCTION LAG

A year ago estimates of the cost of one of these bombers approximated \$6 million. Details of the need for increasing our strength in this type of war-plane may be found on page 26 of Senate Report 1627, prepared by the Subcommittee on Minerals, Materials, and Fuels Economics of the Committee on Interior and Insular Affairs.

Many of my colleagues will recall that in debate on the 1954 foreign-aid bill I introduced an amendment to divert unexpended funds for foreign aid and authorizing last year's foreign-aid funds to strengthen our Air Force. The total amount available under such a program would have aggregated \$10 billion. Let not anyone tell us that we do not need a great deal of money to build the long-range, supersonic speed bombers, fighters, interceptors, and guided-missile bases.

The amendment was defeated last year.

In other words, Mr. President, we preferred to spend our taxpayers' money on neutralist and other foreign countries to building up our strength at home, and in so doing permitted Soviet Russia to catch up or surpass us in B-52 type bombers. That is what we hear out of the Pentagon. Do not blame Russia; blame the Senate.

## FUNDS ASKED THIS YEAR FOR FOREIGN AID WOULD BUILD 441 UNITED STATES B-52 HEAVY BOMBERS

Today's Wall Street Journal places the present estimated cost of a B-52, including tools and production equipment, at \$8 million.

At \$8 million the 3½ billion we propose in this bill to squander in jungles and swamps of Asia and the deserts of Africa and the Near East would buy 441 B-52's, or finance 14½ wings of 30 B-52's each.

For my part, I would prefer to see this money spent at home on building muscle for America. I think the taxpayers would too.

Russia, Red China, and the Communist satellites, on the other hand, would doubtlessly prefer this money to be spent on weak little countries in the shadow of the Red hammer and sickle, who, even if they had the will to defend themselves, could present no military obstacle to Red might.

What has kept these countries from being overrun is Russia's fear of America's airpower and nuclear weapons. Frittering our strength away in foreign countries will only lessen that fear, while it ripens Southeast Asia and the Near East for Soviet plucking.

Mr. President, this is an international social welfare bill that will not add one whit to our national defense.

Before we vote on it we should make up our minds whether we are trying to discharge our social obligations throughout the world, or whether we are inter-

ested in defending the United States of America—and then get to it.

If we intend to distribute the wealth and taxes of the American people throughout the world at the expense of jobs and investments in America, let us be honest about it and tell the people of our country about it; let us tell the unemployed, the ruined mine, mill and factory owners in our own country, our farmers with declining incomes, our small-business enterprises with their backs to the wall.

Let us tell them that this is an international scheme to distribute throughout the world the wealth of this country, as obtained from the taxes paid by the American people.

Let us tell them that the social welfare of the peoples of Asia, and Africa, and old Europe comes first, and the American taxpayer must be satisfied with the leftovers.

Mr. President, while we propose to tap the American taxpayer for \$3,530,000,000 more in foreign aid, let us examine one of the uses to which the British put the Marshall plan.

I ask unanimous consent that there be printed at this point in the RECORD a recent article by George E. Sokolsky, which appeared in the New York Journal-American and many other newspapers throughout the United States.

There being no objection the article was ordered to be printed in the RECORD, as follows:

## AMERICAN AID USED WISELY IN BRITAIN

(By George E. Sokolsky)

LONDON.—There has been some talk in Congress about the use by the British of the counterpart funds for the reduction of their national debt. The talk was unfavorable. The point must be made that while the Marshall plan was very popular among the British it has run its course, and the defense aid which followed it is of value but not of the same value as the Marshall plan because of changed conditions. Also the insistence upon giving some aid in the form of agricultural material out of the stockpiles or such products as grapefruit, which is an unusual food here, does sometimes make for complication.

It is freely admitted here that some of the counterpart funds were used to reduce the national debt. It is suggested that it was a use that did not neutralize the benefit of dollar aid by creating an inflation. In a word, unless defenses were set up, the huge influx of dollars could have stimulated inflation. On the other hand, American public opinion was insistent that Marshall plan money should not subsidize the budgets of receiving countries.

## PAID INTO SPECIAL ACCOUNT

It was put to me this way. This was the origin of the "special account," namely, the system by which sterling counterpart (the proceeds of selling the dollar goods by which aid was brought into the country) was paid into a special account at the Bank of England and drawings out of the account could only be made by the treasury with the approval of the United States.

One of the objects specified in the Marshall plan agreement was the extinction of debt. And as an act of deliberate policy, the British Government decided, with the approval of the American authorities, to dispose of the sterling in the special account in this way and not to spend it on the capital investment which was the pattern adopted for counterpart in continental countries. The British concept of their economy is to protect the



balance of payments while avoiding inflation, and the surprising thing is that they have done it. They used our assistance under the Marshall plan to do it, but what must be said of them that cannot be said of some other countries is that they used our aid well and to their permanent disadvantage; it did not go down the drain.

On the continent of Europe, counterpart funds were used to increase the number and volume of state or privately owned investment projects. In Great Britain investments were restricted to maintain the internal economic balance in order to avoid inflation. Even so there were too many state investments coming out of war conditions and it was not considered politically or economically advisable to use Marshall plan counterpart funds to aid private investments.

#### USED TO EXTINGUISH NATIONAL DEBT

The total of sterling counterpart funds amounted to about 560 million pounds or about \$1,500 million. The United States got 5 percent of this and after making some deductions for small items the bulk of this amount was used to extinguish the national debt. Special arrangements were made that this use did not increase inflation. The debt reduction consisted of special non-interest-bearing notes in which the counterpart was invested by the Bank of England where it was lodged in a special account. It did not increase cash circulation. The Marshall aid period was 1948-51 and the amount of counterpart applied to debt extinction in each year was as follows:

	Pounds
1948-49-----	107,000,000
1949-50-----	92,000,000
1950-51-----	275,000,000
1951-52-----	55,000,000
Total-----	529,000,000

This amounts to \$1,481,200,000.

It is not understandable why there should be any secrecy about such a matter and it undoubtedly has been published elsewhere. When I left on this trip it was spoken of as a great secret. The British have to avoid inflation because their economy rests on a fine hair. They are about 50 million people who live on islands that can produce food for about 15 million people, which, quite apart from the serious question of raw materials, metals, woods, fibers, food, takes on an importance here which it cannot have in the United States where we stockpile butter and wheat. The British can import ample food now but they want to keep it that way and all their economic maneuvering is designed to that end.

#### BRITAIN CUTS TAXES WHILE UNITED STATES TAX DOLLARS SENT ABROAD

Mr. MALONE. Mr. President, our foreign-aid program has helped to reduce Britain's debt, while our own national debt has increased under both the present and previous administration.

And while American tax rates are continued, and will continue while we pour billions of dollars into further foreign aid, Britain, for one, has been able to materially reduce its own taxes, partially because of the generosity of the Congress with the money of the American taxpayers.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a recent editorial entitled "British in the Black," which was published in the New York Journal-American and other Hearst newspapers.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

#### BRITISH IN THE BLACK

Mr. and Mrs. American Taxpayer, we imagine, must be looking with a mixture of

envy and astonishment at their British counterparts who have just received a sizeable income tax cut, which will remove 2,400,000 persons from the tax rolls and increase personal and child allowances.

The envy and astonishment are understandable, particularly since Chancellor of the Exchequer Butler estimates a revenue surplus of \$414 million this year, while our Government is limping along on a deficit as usual.

And Mr. and Mrs. Taxpayer have the right to ask how come this country, which is running in the red, continues to give millions to Britain, which is in the black?

They ought to put this question real hard to their Senators and Representatives in Congress, but they ought not, we think, take a peevish attitude toward the British. It won't do Mr. and Mrs. Taxpayer any good to work up ill feeling against the blasted British, when the responsibility is right here at home.

The attitude to take, it seems to us, is to try to find out why this Nation can't operate in the black, too. That involves an examination of how expenses can be cut in running this Government (the reports of the Hoover Commission indicate a huge amount of bureaucratic duplication and waste).

It involves also an examination of the millions that are being sluiced abroad. How much have they been and are they being wasted? Are they really working for us in what we want to accomplish? How much are they buying real security and how much is down the drain?

These are areas where Mr. and Mr. Taxpayer have a justifiable concern. If they express that concern often enough and vigorously enough, maybe some day we will be a surplus Nation, too.

We wind up with the following lyric of dubious hope:

"Poor little taxpayer, don't you cry,  
You'll have a tax cut by and by—maybe."

MALONE ADDRESS IN SENATE IN JULY 1948,  
RECALLED

Mr. MALONE. Mr. President, in July 1948, I had the following to say at one point in the debate in the Senate:

It is impossible to stabilize trade or currencies in Europe as long as they continue the established practice of manipulating the value of their currencies in favor of their own particular countries, and as long as the empire-minded nations, with particular reference to Great Britain, follow their established practice of directing trade to the mother countries at empire-preferential rates and the use of the sterling bloc.

I also said:

There is grave question as to whether the Congress of the United States can create additional purchasing power by making appropriations for gifts to foreign nations above the amount required to meet the cost of our own Government each year, unless there is a comparable increase in our production. This was thoroughly illustrated in the \$3,750,000,000 loan to England in 1946, when almost immediately they complained that, due to subsequent inflation, their estimate of the amount which could be purchased with the loan was almost cut in half.

The PRESIDING OFFICER (Mr. HRUSKA in the chair). The time of the Senator from Nevada has expired.

Mr. MALONE. Mr. President, I have been charged with some of the time which has been used by other Senators, and I believe I have about 4 minutes remaining.

Mr. MANSFIELD. Mr. President, I yield 4 more minutes to the Senator from Nevada.

The PRESIDING OFFICER. The Senator from Nevada is recognized for 4 more minutes.

Mr. MALONE. I thank the Senator from Montana.

GLOBAL GIVEAWAYS INCLUDE NOT ONLY BILLIONS BUT UNITED STATES JOBS, INDUSTRIES, MARKETS

Mr. President, in our obsession to give out wealth and goods to foreign nations, we are also giving away our jobs, industries, and markets. In this connection I desire to call attention to several pertinent newspaper reports of this matter. We have only to examine any newspaper to find similar articles. The one I hold in my hand happens to have been published in the New York Journal of Commerce on yesterday, June 1. The headline on page 13 reads as follows: "Did Imports Injure Watch Firms?"

In short, Mr. President, we find that one who wishes to obtain a job in the United States must be able to argue for it on a national-security basis.

Another headline in the New York Journal of Commerce of June 1 is "Trade Act Conference Set—George Backs Liberals."

The article goes on to say:

Senate and House conferees are tentatively scheduled to meet later this week to see if some agreement on the Eisenhower reciprocal trade program is finally within reach.

The article states that announcement had been made by one of the Senate conferees that he would throw his support to the House Democratic conferees, led by Representative JERE COOPER, of Tennessee, who "is battling for elimination, or at least drastic revision, of a series of protectionist amendments adopted when the Senate passed the bill May 4."

AIDED NATIONS MANIPULATE CURRENCY, TRADE, TO AMERICA'S DISADVANTAGE

On the same page we find the following headline: "Turkey Tightens Import Control."

The article goes on to show how that is done. In fact, today every nation in the world, with one or two exceptions, has exchange controls and import permits or export permits, or both. The other nations manipulate the price of their currency, in terms of the dollar, and do so for trade advantage. They engage in every possible manipulation against the United States of America.

In closing, Mr. President, I wish to say that the economic approach is only one means of destroying the United States. The advocates of the pending bill or similar ones come in through the doors, through the windows, and up through the cellar floor.

CUSTOMS BILL A SCHEME TO LOWER TARIFFS

Mr. President, in the New York Journal of Commerce for May 25, 1955, we find the following headline: "Customs Bill Foes Minimize Importer Aid."

Mr. President, we know what the customs bill is. It has been before the Senate year after year. When we take out all the fishhooks, we find it is simply a means of changing the valuation, so as to lower the import fees or tariffs. That is all it is. It is advocated in the name of simplification.

If those who advocate such a move wish to simplify, all they need to do is



follow the law. But, instead, they are willing to propose almost any means, so long as it looks or sounds good. They use the phrase "customs simplification," and the phrase "dollar shortage," and the phrases "reciprocal trade" and "trade, not aid," and 400 or more other catch words and phrases, which have been invented by those who wish to divide with other nations the wealth of the United States of America. Mr. President, the proposal before us today, by means of the pending bill, is only the most recent of such schemes.

Mr. MANSFIELD. Mr. President, I yield myself 2 minutes.

The PRESIDING OFFICER. The Senator from Montana is recognized for 2 minutes.

Mr. MANSFIELD. Mr. President, I have listened with great interest to the remarks of the distinguished senior Senator from Nevada [Mr. MALONE]. I should like to call his attention to the fact that in the course of the hearings on this particular measure, it was suggested to the Defense Establishment that perhaps it would be better for the funds under the defense title, which is title I, to be incorporated in the regular Defense Establishment budget. It was thought by the Defense Establishment officials and by the committee as a whole that to do so would be unwise, because in the way presently proposed we would achieve more for defense among our allies, and would do so at far less cost, and would also be able to achieve far greater cooperation with those with whom we are trying to make tenable agreements.

The committee went into this proposal very thoroughly, and it was the unanimous opinion of the committee that we should not consider at this time the amendment proposed by the Senator from Nevada.

So I hope the Senate will reject the amendment of the Senator from Nevada.

Mr. FLANDERS. Mr. President—

Mr. JOHNSON of Texas. Mr. President, does the Senator desire to use now the 3 minutes he has requested?

Mr. FLANDERS. Yes.

Mr. JOHNSON of Texas. Then, Mr. President, I yield 3 minutes to the distinguished Senator from New Hampshire.

Mr. FLANDERS. No, Mr. President, I ask the Senator from Texas to move me across the Connecticut River.

Mr. JOHNSON of Texas. Mr. President, I must apologize to the Senator from Vermont. I have just returned to the Chamber; and this is one of the few times when, in relying on the acting minority leader—on whom I know I can always rely—I have been misinformed. He said "New Hampshire." It seems that I understand the Senator from Vermont better than some Members on his side of the aisle do.

So, Mr. President, I am very glad to yield 3 minutes to the distinguished junior Senator from Vermont.

Mr. FLANDERS. I thank the Senator very much, indeed.

The PRESIDING OFFICER (Mr. MANSFIELD in the chair). The Senator from Vermont is recognized for 3 minutes.

Mr. FLANDERS. Mr. President, in listening to the several Senators who have discussed this question, it has seemed to me, that there is a radical difference of opinion which needs to be considered.

It seems to be the opinion of many Members that the only threat from the other side of the Iron Curtain is a military threat. I wish to urge a contrary opinion, which is that the great advances and the most dangerous efforts from the Soviet side of the curtain are coming from the political angle. The greatest advances have been made politically, always with the background of armed might, but with the political policies and successes making the actual advances.

We made one great political effort in Europe with the Marshall plan. Without the Marshall plan, today France would be Communist; Italy would be Communist; and they would not have become Communist by force of arms. They would have become Communist by political action, in which the Soviet Government is skilled beyond the imagination of any one of us who sit here politicians though we may be.

We must oppose the Communist menace both militarily and politically; and if we do not realize the political menace, we shall wake up to find ourselves surrounded by a Socialist world, in Latin America, Europe, Asia, and Africa, without a shot being fired. We shall then sail the seas and trade with other nations only by the permission of a stronger power. Let us not for a moment discount the ability and strength of the Soviet political offensive.

The pending bill applies both to the military and to the political objectives. We must not, in the national interest, minimize the political purposes and the political effectiveness of the bill. We may very properly require of the administration that it give an account of the usefulness and effectiveness of the bill, and an account of the details of the expenditure of the funds provided to it for fighting our battle on the political front; but let us not cramp the administration. Let us encourage it and support it in its work on this most critical aspect of the Communist conquest of the world.

Mr. JOHNSON of Texas. I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. MANSFIELD in the chair). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I should like to ask the distinguished chairman of the committee and other members of the committee if they desire any time.

The PRESIDING OFFICER. The Chair reminds the Senator that the Senate is still in the process of developing a quorum.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Is there objection?

Mr. LONG. Mr. President, I object, unless we have an understanding that there will be a quorum call thereafter.

Mr. JOHNSON of Texas. There will be quorum calls all during the afternoon.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Texas? The Chair hears none, and it is so ordered.

Mr. JOHNSON of Texas. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. JOHNSON of Texas. How much time remains to the opponents of the pending amendment?

The PRESIDING OFFICER. The Senator from Nevada [Mr. MALONE], has exhausted his time. The Senator from Texas has 5 minutes remaining.

Mr. MALONE. Mr. President, I should like to have a minute or two to tell what the amendment is about.

Mr. JOHNSON of Texas. I yield 2 minutes to the Senator from Nevada.

Mr. MALONE. Mr. President, in the interest of saving time, I shall not ask for a yea-and-nay vote on the amendment. However, I wish to say that the amendment I have offered proposes to transfer all available funds already authorized and, in addition, the \$3,408,000,000 to be authorized by this bill to the National Defense Administrator, to be expended in the construction and maintenance of long-range sonic speed bomber fighters and interceptors, guided missiles, and atomic-energy driven submarines, including the necessary bases and accessories for their efficient operation.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Nevada [Mr. MALONE].

The amendment was rejected.

Mr. ELLENDER. Mr. President, I send an amendment to the desk and ask that it be stated.

Mr. JENNER. Mr. President—

Mr. JOHNSON of Texas. Mr. President, I understand the Senator from Indiana [Mr. JENNER], would like to make a motion to recommit the pending bill, and would like to make the motion now, if it is agreeable to the Senator from Louisiana.

Mr. ELLENDER. That is agreeable to me.

The PRESIDING OFFICER. The Senator from Indiana is recognized.

Mr. JENNER. Mr. President, I move that S. 2090 be recommitted to the Committee on Foreign Relations.

Mr. JOHNSON of Texas. Mr. President, as I understand, the Senator from Indiana has 1 hour of debate on his motion, and I control 1 hour of debate in opposition to the motion. If it is agreeable to the Senator from Indiana, I should like to yield 5 minutes of my time to the distinguished Senator from North Dakota [Mr. YOUNG].

Mr. JENNER. That is agreeable to me.

#### MILITARY PAYMENT CERTIFICATES IN THE FAR EAST

Mr. YOUNG. Mr. President, nobody has ever seriously claimed that our



soldiers like to be drafted. If they did the volunteer system would be quite sufficient to man the services. We have a draft Military Establishment today simply because the United States is faced by a mortal enemy, the Communist Axis, and we have to draft men whether they like it or not.

We all understand this.

But, Mr. President, I find it hard to understand how the United States Government can justify drafting a man and then sweating him out of part of his pay.

It appears that that is exactly what we are doing in the Far East—specifically in Japan, Korea, and the Philippines.

My understanding of the situation is this:

American servicemen stationed in these three countries are not paid in dollars at all. They are paid in a special sort of currency known as military payment certificates.

By United States agreement with each of these countries, an American serviceman must exchange these military payment certificates for the local currency at the official rate of exchange.

That is to say, despite the fact that a black market is flourishing right down the street, wherever the serviceman happens to be in these countries, the soldier or the sailor cannot swap his dollar pay for currency in the black market. It would obviously be to the soldier's private and personal advantage to do so, but he is not permitted to do it.

In the first place he is not paid in dollars at all.

In the second place his military payment certificate pay—"monkey money"—is the phrase commonly used to describe it—can be exchanged only at the official rate. I suppose that his allotments for back home would be deposited in dollars in the United States bank of his choice, but I am talking about the portion of his pay that he gets in the country in which he serves. Since he can only exchange this certificate money at official rates, he loses anywhere from 15 percent to 50 percent of this share of his pay.

As I understand, we do this at the demand of the countries in question because they have currency restriction laws and are trying to control black-market operations. Of course, by doing this we are adding a hidden subsidy to those governments, who are only too eager to get dollars. To all other forms of foreign aid we add this hidden subsidy, but, in this instance, we sweat it out of a serviceman's pay.

I am told that \$17 million a month is spent in Japan in servicemen's pay and a considerable share—how much, I cannot guess—goes to buy yen at the official rate.

How much of our military expenditures—apart from the pay of personnel—goes through the same operation I do not know either, but I am told that the United States forces in Japan alone require \$50 million worth of yen a month.

Various accounts are given of the efforts of the Government to handle this soldier's pay problem. In Korea, for instance, the official rate of exchange is 180 hwan to the dollar. In the open market the rate in April, a few weeks

ago, was somewhere between 750 and 800 hwan to the dollar. The contrast is startling. It is said that in the effort to square the situation the United States authorities bought Korean money in a sort of open market transaction and then sold it to United States personnel, as long as the supply lasted, at 500 hwan to the dollar. This apparently eased the situation on our people somewhat, but the easement did not last long.

In the case of the Philippines it has been contended, I believe, that dollars turned loose on the black market have a tendency to move to Hong Kong and from there to the Chinese Communists. Nobody wants to add to the Chinese Red's stock of dollar exchange, but why put the squeeze on American servicemen in the process?

In substance, I suppose that the sum total of our foreign policy these days is this: Anything to bolster the free world.

In the course of this bolstering, we send troops around the globe, give money and goods to foreign governments, educate alien scholars, train technicians, build roads, and do a thousand other things at the expense of the American taxpayer. If, while doing these other things, we accede to the rules of the countries where our forces are stationed in respect to currency restriction, then it ought to be done on the level. A serviceman should get his pay at the open market rate of exchange. Let the United States Government get this exchange openly by direct negotiation with the governments of the countries and quit this sort of hidden subsidy.

#### MUTUAL SECURITY ACT OF 1955

The Senate resumed the consideration of the bill (S. 2090) to amend the Mutual Security Act of 1954, and for other purposes.

Mr. JOHNSON of Texas. Mr. President, I yield to the distinguished Senator from New York [Mr. LEHMAN].

Mr. LEHMAN. Mr. President, I have prepared some remarks on the question of foreign aid to Israel and the Middle East, but the hour is late. Therefore, I ask unanimous consent to have my statement printed in the body of the RECORD at this point.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

#### STATEMENT BY SENATOR LEHMAN ON FOREIGN-AID PROGRAM WITH REGARD TO ISRAEL AND THE MIDDLE EAST

We have before us a bill providing for certain military and economic aid to the countries of the free world—to help them help themselves build up strength to resist the encroachments of communism, to create conditions of greater internal stability and to discourage aggression from without, and when I say aggression, I mean—as we all have in mind—the threat of Communist aggression.

I should like to address a few words to the situation in the Middle East. This is an area to which the American people have, in my judgment, devoted insufficient attention. Less has been said about it and less has been thought about it than of most other areas of the world. Yet the Middle East is one of the most critical areas of the world, in my opinion. It is critical in the sense of its strategic importance. It is critical in the

sense of its potentialities for disturbing the peace of the world. It is critical also because of the tensions which exist there.

I do not at all agree with all the aspects of our present policy in that area. Since the present administration took office in 1953, the situation in that area has grown worse. The tensions have increased. The dangers to world peace have increased. Conflicts have increased.

There has been some progress and some improvement—mostly in the economic sphere. In the political sphere the most marked change has been the improvement in relations between England and Egypt as a result of the Suez settlement. Whether this represents a real forward step in strengthening the free world remains to be seen. It has reduced tension as between Egypt and the Western World.

But the tensions surrounding the little democracy of Israel, in the very heart of the Middle East, have increased.

The little democracy that we helped to establish—that we were the first to recognize—has survived and even prospers. The economic situation of Israel has greatly improved, year by year. The help which Israel has received from outside her borders—some of it in the form of governmental aid from the United States—reflects itself in the increased level of production in that country and in the steady reduction of that country's unfavorable trade balance.

Democracy itself thrives in Israel. In a few months there will be an election—a free election—a brilliant demonstration of democracy in the midst of a feudalistic area. There is no other country in this part of the world in which free elections are held—with the exception of Turkey—which is not really part of the Middle East. Israel is the show-window of democracy in this part of the world. It is to our utmost advantage, to our greatest self-interest, to preserve and promote the welfare of Israel, the well-being of its people, the strength of its democracy.

But meanwhile our Government has not effectively discouraged the irredentist hopes of Israel's Arab neighbors, few of whom disguise their desire and expectation that Israel will one day—soon perhaps—cease to exist.

While with one hand we have helped Israel economically, at the same time we have done nothing, or virtually nothing, to really discourage the irreconcilable attitude adopted by Israel's neighbors. We have not insisted that they accept Israel and make peace with Israel.

We have proclaimed a policy of so-called impartiality which, in the fact of facts, is something less than impartiality.

Our attitude has given strength to the hope of Israel's neighbors that they may one day engage in a second round, without fear of reprisal from the United States.

We have undertaken a program of providing arms for one of the nearby Arab States, Iraq. We have been and are shipping arms to Iraq.

I am opposed to this policy. I am opposed to it with all my heart. I am opposed to any provision of arms to Iraq. I do not believe that the provision of arms to any of the Arab States strengthens the conditions of stability in that area. I do not think it strengthens the cause of peace. I do not think it enables any of those countries more adequately to resist Communist aggression. Supplying arms to Arab States can only help to upset the balance of strength in that area and lead to an arms race. Such a program can only help to endanger the existence of Israel.

But if we are going to continue to furnish arms to Iraq—as long as we have furnished arms to Iraq—I believe strongly that we should furnish arms to Israel, too. I believe strongly that we should provide Israel with a flat guaranty of her territorial integ-



city. I believe that we should say to the world that we will defend Israel against external aggression. That, in my judgment, is an obligation we owe to a sister democracy—to a country which holds the hope for democracy and for progress in the Middle East.

I note that the bill before us—the foreign-aid bill—does not provide any specific amount for Israel. It provides an amount for economic aid to the Middle East. I hope that our officials will deal justly with Israel. I hope that Israel will be given all the economic aid that her position justifies. I hope that economic aid will not be used as a means of applying political pressure to Israel in favor of her Arab neighbors.

I hope that our Government will furnish Israel a security guaranty, as I have said, and that we will do everything in our power to urge the Arab States to enter into permanent peaceful relations with Israel.

I strongly support the Johnson plan for a Jordan River Valley authority to develop the potentialities inherent in the Jordan River for power and irrigation—for the benefit of all the peoples of this area. For sponsoring the study that led to this report and for its good support of the whole Johnson project, I commend the Department of State. Of this aspect of our foreign policy in the Middle East, I wholly approve.

I hope the other aspects of our policy will be brought into line with our policy on the Johnson plan. I hope we will do everything within our power to hold the Arab States and Israel together, to call off the Egyptian blockade at the Suez Canal, to ease all possible points of tension between Israel and her neighbors, to encourage economic interchange between Israel and her neighbors, leading finally to the establishment of peace in that area.

In this way we will best serve the interests of the United States. In this way we will best serve the cause of peace, strength, and world security.

Mr. JOHNSON of Texas. Mr. President, I yield 3 minutes to the distinguished Senator from Florida [Mr. HOLLAND].

#### PERSONAL STATEMENT BY SENATOR HOLLAND

Mr. HOLLAND. Mr. President, I wish to speak briefly to a point of personal privilege.

Yesterday morning, Mr. Drew Pearson, in his column Washington Merry-Go-Round, made a completely false report to the effect that the distinguished Representative from Michigan, Mr. GEORGE DONDERO, and I engaged in a petty wrangle as to who would present to President Somoza, of Nicaragua, a gift which had been sent to him by Vice President Nixon. This incident was alleged to have occurred during the visit to Central America recently made by a congressional delegation in connection with the dedication of two new links in the Inter-American Highway.

I note that Representative DONDERO made an effective reply to the false report contained in the Pearson column, which reply is reported on page 6306 of the CONGRESSIONAL RECORD of yesterday. I also note that Mr. DONDERO attached to his statement letters from two other Representatives who were present during the trip to Central America, namely, Representative TOM STEED, of Oklahoma, and Representative GEORGE H. FALLON,

of Maryland. The statement of Mr. DONDERO and the letters of Mr. STEED and Mr. FALLON correctly reflect the situation which was falsely reported by Mr. Pearson. Mr. DONDERO and I each requested the other to speak for all of us in presenting Vice President Nixon's gift to President Somoza, and the atmosphere of complete good will and mutual accord which was present on that occasion was also present throughout our visit to Central America.

It was disappointing, however, to find Mr. Pearson so completely irresponsible in reporting a matter which, while small in itself, was part of a successful non-partisan effort to build greater good will between our country and our neighbors in Central America and to give greater impetus to the early completion of the Inter-American Highway.

The trip to Central America was organized by the Departments of State and Commerce in the effort to build greater friendship in the Central American area, and to help speed the highway to completion. The Members of Congress who made the trip were the invited guests of the Departments of State and Commerce and were also designated to represent the several committees of the two Houses of Congress which are charged with handling the Inter-America Highway. The two new links of the highway which were dedicated are in highly sensitive locations, one at the border between Nicaragua and Costa Rica, where bloody violence raged but a few months ago, and the other in Guatemala, where only recently communism has been forcibly replaced by a Democratic administration which is friendly to the United States, and which has the active support of all the republics of the Western Hemisphere.

The uniformly friendly reaction to our visit extended by the Latin-American press and by the public in the three friendly nations most directly affected, that is, Nicaragua, Costa Rica, and Guatemala, showed clearly that our mission had succeeded in accomplishing good results. I have already made an informal report of our visit, which is printed on pages 5484-5487 of the CONGRESSIONAL RECORD of Tuesday, May 17, 1955. It is unfortunate that Mr. Pearson, alone, in his typically destructive manner, should have engaged in what appears to be a deliberate effort to falsely picture members of the delegation as engaged in petty bickering, when, as a matter of fact, the delegation performed its mission without friction of any kind and with the single-minded purpose of performing a worthwhile service to the cause of inter-American unity and solidarity.

Mr. President, in closing, I cannot speak too highly of the completely constructive, cooperative, patriotic, and warmly friendly attitude which was unflinching manifested throughout our mission by each of the able Members of the House of Representatives who was a member of our delegation, namely: Mr. GEORGE A. DONDERO, of Michigan; Mr. GEORGE H. FALLON, of Maryland; Mr. WALTER HORAN, of Washington; Mr.

WALTER NORBLAD, of Oregon; and Mr. TOM STEED, of Oklahoma.

I thank the distinguished majority leader.

#### MUTUAL SECURITY ACT OF 1955

The Senate resumed the consideration of the bill (S. 2090) to amend the Mutual Security Act of 1954, and for other purposes.

The PRESIDING OFFICER. The question is on the motion of the Senator from Indiana [Mr. JENNER] to recommit the bill.

Mr. JENNER. Mr. President, there has just been called to my attention a press release with reference to the conference between Tito and representatives of the Kremlin. It is quite a long release, but I think it may be of interest to the Senate, since we are discussing mutual-security funds. Tito will receive some of these funds. I do not know how much, and I do not think anyone else knows. The release says:

The declaration was read to a press conference of some 150 newspaper correspondents. It contained no really concrete recommendations, although it was 2,00 words long. It did recommend that—

1. Communist China "receive its legitimate representation in the United Nations" and that its "legitimate rights" on Formosa should be "satisfied."

Mr. President, I am sure that there are Senators present who would want to increase aid to Tito.

In the Mutual Security Act of 1955, the Congress is confronted with a proposal for the spending of \$3,350,000,000 of our earnings, for foreign nations.

Before voting any such fund, the Members of this body are bound by their solemn oath to consider certain facts.

The Members of Congress know that they have, in fact, lost the legislative power.

The nonelected officials of the executive branch draft most of the legislation, and even build up the public support for it.

The members of our committees work hard, but their time is spent usually in making changes in details of the executive department's proposals.

So long as the executive branch has 2½ million employees and the Congress has a few thousands, that practice will continue, though it is contrary to the Constitution.

There still remain, however, some powers which the Congress cannot delegate, without loss of all right to exist.

Congress cannot escape full responsibility for raising and equipping the Armed Forces.

It must draft American youth if they are called to serve in their country's Armed Forces.

And Congress cannot escape full responsibility when it takes by compulsion part of the earnings of our people, to give them to governmental agencies.

Through the power of the purse, Congress is responsible for the right of Americans to keep what they earn, and spend it as they wish.

No part of the earnings of a free people can be taken from them and used for



Government activities unless such diversion is an absolute necessity.

Congress alone is the judge.

Congress cannot permit the executive branch to decide how much money it would like to take from our people, and spend for its own ends.

That is the sign of arbitrary government.

We cannot forget that responsibility, unless we are willing to surrender our rights and duties as a coordinate branch of a government limited by a constitution.

The Members of this body cannot vote three and a half billions of the earnings of our people, to be spent to help foreign nations, without considering the following basic facts:

First. The executive branch will have on hand as of June 30, 1955, the sum of \$8,828,000,000 appropriated for mutual security activities, but not yet spent.

That is enough for 3 years work.

Second. The sum we are asked to vote this year will be largely for expenditures 3 or 4 years from now—unless the rate of spending is to be greatly stepped up.

But spending in fiscal 1958 is the responsibility of a Congress not yet elected.

We are committing a Congress, not yet elected, to expenditures on a program conceived years ago, which they may or may not be willing or able to continue.

The Constitution expressly forbids one Congress to bind another Congress not yet elected.

If we ignore that prohibition, we are saying that elections do not matter.

We are saying that American people are no longer sovereign.

Third. The American Government is operating this year with an expected deficit of \$3 billion or more.

This authorization for \$3½ billion, above the agency's present \$8.8 billion, which is unexpended, is approximately equal to the current deficit.

Meanwhile, the foreign nations we have aided are balancing their budgets and cutting taxes.

Fourth. The cumulative debt of the United States is now nearing \$280 billion.

We have reached the stage where we are borrowing money to pay the interest on 20 years of riotous giving.

If we add new billions to the deficit in a year of peace and record prosperity, what is the outlook for our financial stability in a war or an economic depression?

I need not remind you, Mr. President, that, in addition to the formal debt, we have contingent liabilities for homes, farms, business loans, and social-security credits, which add an untold number of billions to our fiscal responsibilities.

We know the Soviet theorists have always counted on destroying our economy as a means of weakening our military potential.

Are we certain that this huge increase in our national debt in peacetime is not in itself a serious military hazard?

The Soviet strategists will know only too well how to take advantage of such weakness.

Fifth. In 1948 when the program for gifts to foreign nations was started, we were told in the most solemn fashion,

by Mr. Acheson, General Marshall, Senator Connally, and other advocates, that this was an emergency effort, to carry Europe over the tribulations of war devastation, and that it would last, at most, 4 years.

This morning I made reference to the fact that Harold Stassen had said that foreign aid had now become a permanent part of our Government's policy. I think the Senator from Kentucky said he had asked the question, and that Mr. Stassen had replied, "Well, as long as the great problem of communism confronts us."

But that was not what Mr. Stassen said. Let me quote what he said:

The time when foreign aid was an emergency program is a thing of the past. It has shown its success, and we must now regard it as an integral, permanent part of our policy.

Now we are asked to appropriate for 3 years ahead to what will be the 10th year of operations.

We are informed by Mr. Stassen that the program is a permanent part of our foreign policy, and that foreign spending will never be abandoned.

Sixth. The foreign spending program was quietly extended from Europe to European colonies in Asia, then to Asian nations, and next year, in fairness, it will have to be extended to Africa.

I suppose we shall have to extend aid to Mars and Venus as soon as we perfect our rockets and space ships.

Is Congress here voting a commitment to carry on indefinitely the spending of perhaps three billions a year for the benefit of foreign nations?

Are the American people ready, willing, and able to promise three and a half billions a year to support the economy and the military establishments of 50 or more nations?

It is cruel and unjust to make promises to other nations which we may not be able to perform.

It is the ultimate stupidity in foreign policy.

Seventh. What is the military strategy implicit in this proposal for financial support for other nations?

That is, perhaps, the most important question of all.

The American people have always understood the underlying strategic pattern of their national defense from the days of Indian fighting and the early years of the Republic, when sailing ships could win our wars, to the later years when we needed a complete theory of seapower and bases for seapower in the age of steam.

They knew Billy Mitchell and Charles Lindbergh heralded the new air age.

Does anyone know the military theory on which this mutual security program rests for its results?

It is not right or proper to conceal the Nation's basic strategy of survival from its people.

Grand strategy cannot be kept from the enemy.

It must not be kept from Americans.

Eighth. The mutual security program obviously has not won for us any additional air bases.

Mutual security was proposed in mid-1947 and debated all during the fateful year when the Soviet Union was planning the final attack by the Red Chinese on the Nationalist Government of free China.

But let us recall why American security was so deeply involved in the civil war in China.

The northern border of China is in contact, over almost the entire width of Asia, with the southern border of Siberia.

Air bases in north China would have been air bases a few flying minutes from the industrial heart of Soviet Russia, from the steel and machinery plants Stalin erected in the Siberian wastes to protect them from invasion through Europe.

With China free and strong the back door to Russia was wide open.

The Russians never forgot their danger for a moment.

China in the hands of the Nationalists meant that American planes could be based a stone's throw from the Soviet Union's munitions industry.

American armies were already operating on the mainland.

The American Navy had a strong naval base at Tsingtao in the north, opposite Korea.

How well the Communists would have behaved without any mutual security spending, if only we had held onto those friendly air bases along the rim of Red Siberia.

It is very curious that the American people were seduced into abandoning their friendly allies on the Soviet border, in the very year when mutual security was started.

The newspapers did not tell us the real issue.

They fed us intellectual sleeping pills, political hasheesh, about the Red Chinese agrarian reformers.

It is very curious that Secretary Acheson should have shifted the discussion of American security from Asia to Europe in those critical years.

We lost the chance to have friendly air bases in north China.

We were not permitted to accept the offer of bases in Spain, a near island, protected by her Pyrenees.

We were given air bases in England and France which we could have had equally well, without mutual aid spending.

Ninth. The mutual security program was obviously not designed to protect our security against atomic attack.

The richest prize of uranium ore fell to the Soviet Union when it was given East Germany at Yalta.

That enabled the Soviet Government to obtain a contract from the Socialist Government of Czechoslovakia for its valuable uranium mines.

Soviet Russia obtained its atom scientists when we approved forced labor for the Germans at Potsdam.

The loss of China meant the building of atom plants in Sinkiang, West China, that desert area which is the farthest spot on the globe from reach of our planes.

We hear a great deal of talk, at present, about protection against atomic war,



but the best protection would have been to keep China and Czechoslovakia out of the hands of the Communists, and to protect the German scientists from enslavement.

I do not wish to dwell on past mistakes, except as they are significant in the present.

We totally missed the military issues in 1947 and 1948 when we started mutual aid—ERP.

I wish to be sure we are not equally blind to our military situation today.

Tenth. This program obviously does not rest on the military strategy of winning allies with fighting hearts.

The Koreans are held down to a 2- or 3-day supply of ammunition.

Remember, our fighting men will pay the penalty if the Communists suddenly attack through North Korea, as General Chennault predicts, and the Koreans cannot return their fire.

The Nationalists have not been given jet fighters equal to the Communist planes being assembled opposite Quemoy. They are not being given weapons of attack and amphibious equipment.

What a silly theory, that they must wait, like sitting ducks, until the Communists hit them, and never, never, never hit the Communists on the mainland.

Free China is bound hand and foot by a treaty which says, in effect, that she cannot defend her own people on the mainland unless the United Nations—including Soviet Russia—is willing to support her.

In her defense treaty with us, Free China is not to attack the mainland except with our consent.

Under the U. N. Charter, we are forbidden to start a move against anyone for any reason unless it has the approval of the U. N., which includes Red Russia, with the veto. That puts Free China in a neatly constructed boobytrap, in which it cannot move against Red China unless Red Russia approves.

What does this arrangement mean to our security?

It means that America will stand by, idle, while the Red Chinese take over, one by one, the remaining islands off the China coast. Then the Reds will be completely free to move arms and supplies up and down the coast of Asia at their own sweet will.

We must stand idle while they render homeless an army of 500,000 free Chinese, eager to fight Communists in defense of their own homes. This dismantling of this free Chinese rampart against Communist advance in the Pacific will bring the Communists one critical step nearer to Pearl Harbor and California.

When the barriers in the western Pacific are no longer manned by free Chinese, new barriers will have to be set up in short order, manned by Americans.

This foreign aid program does not solve the strategic problem of Vietnam. Oh, yes, the bill provides many millions in aid to the Vietnamese, but what is that aid to be? Is it to be almost everything they really need? Is it to be guns without ammunition or tanks without parts? Or defense weapons like

those we gave poor little Korea in 1950, which consisted of light weapons and \$200 worth of bailing wire, and also gave Formosa more recently?

The newspapers are filled with dismal reports of conditions in Vietnam. Political influence is split between French and Vietnamese, between the emperor and the premier, between supporters of Premier Diem and supporters of various sects. The Communists have left their soldiers, without uniforms, in the villages to form local guerrilla forces in free areas, as they did in China.

The small Vietnamese army, being slowly trained and equipped by the Americans, will perhaps be able to hold the cities, but certainly cannot cope with the planned uprisings in the villages which will occur before the time for nationwide elections next year.

That is a dismal, hopeless picture, is it not, my friends?

The answer is "No." It is not dismal. It is not hopeless.

The answer to the confusion in Indochina is to be found in Washington, in the curious absence of a national strategic policy.

The right strategic policy for defense of Vietnam is not hard to find, even through the obscurity of the propaganda fog.

The only sound military policy, to save Indochina from planned Red conquest, is to equip the soldiers of Chiang Kai-shek with a model air force, including the best jet planes, and with the best amphibious equipment our industries can produce. They will keep the Red Chinese in order.

Free China is held down by is mutual defense treaty with us, which, as I have just stated, prevents her from moving onto the mainland unless Red Russia consents.

But that treaty does not mean merely the permanent enslavement of the Chinese. It means the permanent enslavement of the people of Indochina, because the Nationalist Chinese could keep the Red armies so busy they could not supply Ho Chi Minh. It may mean the enslavement of the rest of Korea, or the recall of our men to service if the Free Chinese cannot hold the Red divisions from rushing north to Korea, as they did in 1950-51.

When the Chinese Reds strike at Vietnam next year, we shall hear demands from Government officials that we send American forces into Vietnam. We shall have loud protests from our allies that we must not help because that might start a world war.

We shall have another carefully dramatized Dien Bien Phu, to show, in an atmosphere of heroics, that it is impossible to stop the Reds. Then we shall have more wringing of hands by our officials because more millions of free people are going behind the Iron Curtain.

The Red Chinese will shoot in cold blood most of the 700,000 refugees from north Vietnam whom our Navy transported to the south, if the pitiful refugees do not first kill themselves.

The blame for our stupidity and weakness will be trumpeted all over Asia,

while our officials say, "We couldn't do anything. Our allies would not let us help, because a little show of courage might start a world war."

If this sounds familiar, it is where we came in, in Vietnam, a year ago. Let us not be fooled if that act is played out before us again, Mr. President. The time to stop Red China's 1956 invasion of Vietnam is now.

The place is in Washington, and the means have long been pointed out by our best military men, and I refer to men like Van Fleet, Clark, Chennault, and Radford.

We must establish a peaceful blockade of the Red China coast until every American held by the Chinese is freed, and Red China learns once more to respect the American flag, without any "please" from a secretary of the U. N.

Big news. Four American fliers were freed just yesterday by Red China. Big news. Red China held those boys, in violation of the peace negotiated at Panmunjom. Where are the other American fliers who have been imprisoned by Red China? What has happened to this country?

We must equip Nationalist forces to threaten the Reds with amphibious guerilla attacks at times and places of their own choosing.

The Nationalist Government of China reports that Chinese Communist publications admit famine has now spread to half of mainland China.

The Communists estimate that 180 million mainland Chinese are suffering from hunger. Starvation is widespread, not in the cities, but among farmers. That can mean only one thing. The government's forcible grain collections must be so severe that they take from the farmers the very food they need to live. We are witnessing all over again the cruel Soviet famine from forced collectivization of the farmers. Reports say farmers are selling or abandoning their farms.

What does that little fact mean? It is as grim, Mr. President, as any death's head. It means that famine will be greater next year.

Is this the time for appeasement, Mr. President? Is this the time to buy the good will of anti-Communist nations, while we meekly accept the abuse of Chou En-lai?

We know from students of Soviet politics that the Russian leaders are not happy over the threat of Red China 10 or 20 years from now. They are not going to give the Red Chinese the arms and equipment with which to make themselves the fighting leaders of all Asia.

It is a safe forecast that the Chinese Reds cannot today produce their own arms, and they will not long continue to get them from Red Russia, unless they learn humility. It is true that Red China is building up a vast and threatening arms concentration opposite Quemoy. But that is the typical Communist strategy. By concentrating planes and guns in that area of high visibility, they keep all the capitals of the world in a state of jitters, for fear a world war might break out. The Red Chinese believe that if



they are allowed to attack, they will get Formosa. If they are not allowed to attack, they will get Formosa by another Yalta. If they do not get Formosa just yet, they will have had the fun of keeping the world in turmoil and spreading fear and appeasement.

This is bogey-man stuff, Mr. President. It should frighten children, but it should not frighten adults.

The air bases opposite Formosa are Red China's showcase. Obviously the Red Chinese are going to put their best planes and guns at the spot where the whole world is looking. But we cannot build our national defense on such tricks.

Mr. President, why do we never ask ourselves the right questions? How much airpower do the Red Chinese have in places where we are not looking? Do they have effective control of South China, of West China, of the countryside? Or is everything they possess kept on display in Manchuria, in North Korea, and near Amoy, so we shall be hypnotized with fear? Are South and West China the soft underbelly of the Chinese mainland seething with rebellion? I believe they are, Mr. President. I believe that the proof of this fact lies in the way the propaganda of the pro-Communists is skillfully directed to make us scared to death of Red China, without asking questions. I believe that the propaganda designed to put Nationalist China under wraps is all the proof we need that Red China is tottering from internal rebellion. It is totally unable to resist a properly planned pincers squeeze, with no risk of war.

I repeat, Mr. President, we have no military defense of the free world in Asia. Does any Member of this body seriously believe that spending untold billions of dollars will achieve security for the United States, if it is tied to such folly?

I repeat that a military strategy is available to us, as of now. It includes only the two simple steps: American arms and training for nations in Asia, and an American peaceful blockade of the China coast until all our men are released and until the Red Chinese learn international manners.

I am not a military expert, Mr. President. I have never attempted to act like one.

I say that our military security planning is hamstrung by an administrative monstrosity. I say the security, perhaps the very survival, of the United States, depends on our ability to rescue our military planning from the global welfare boondoggling confusion into which it has been locked.

Our spending in Europe has left us almost as vulnerable as we are in Asia.

Austria has just committed herself to a neutralist policy. But neutralism is not neutrality. A nation which is neutral retains its sovereign right to go to war with either side. A nation which is neutralist has surrendered its sovereignty. It cannot go to the aid of neighbor nations, no matter how shocking the attack made against them.

Germany was outraged at the Austrian treaty. She was surprised and angry at the clause which forbids re-

turn of German property above a minimum so low that it means all German industrial and financial property there is lost. The German Minister at Vienna was hastily recalled home, and then went on a long vacation.

The senior Senator from California [Mr. KNOWLAND] has warned us that Soviet Russia plans a belt of neutralist states from Sweden to the Mediterranean. The Soviet leaders will persist until they have set up, if they can, a circle of neutralist states in Europe, in the Near East, and across south Asia to Japan. All these neutralist states are subtracted from the free world. No one talks seriously of a belt of neutralist states including Poland, the other Soviet satellites in Europe, and Red China. But our danger is greater than that. The Soviet Russian plan for a belt of neutralist states really means the Soviet Union has invented a new kind of satellite. These neutralist states will never resist the Soviet Union, no matter what it does. They will never be able to do so.

What has all our mutual defense spending done to protect us against this subtle expansion of the Soviet Union? What has it done to unite the two parts of dismembered Germany? What, Mr. President, in simple terms, is the military strategy on which our mutual security spending rests?

Is there the slightest reason to think we have learned anything since 1947-48, when this global spending plan began?

I repeat that the barriers to a strategy for our national security lie not in Peking, or London, or Paris, but in Washington. They are embedded in the treaties and agreements for mutual defense and in the governmental machinery for control of military aid.

Our spending is not geared to any plan for our security as a Nation. It is an insult to the intelligence of the American people to speak of military aid as if it were a label to be pasted on a package, regardless of the contents.

I have pointed out, in a speech with the title "Let Us Safeguard America First" that our military planning has been hamstrung since Harry Hopkins decided in 1939 that welfare was "small potatoes" and that in foreign policy and military policy he would meet such interesting people.

Harry Hopkins controlled our military policy through international agencies for control of munitions assignment. Dean Acheson took over and exercised the same predominance through misuse of the doctrine of civilian control.

Now, Harold Stassen controls much of our military policy through the FOA, together with the international-minded lawyers in the Defense Department.

Two of these international-minded lawyers have recently departed from our midst, namely, Mr. John Adams and Mr. Struve Hensel.

But we cannot be too happy about that small gain, because Mr. Stassen has recently elevated himself to a new position, at the summit of the summit, from which he will have more control over our military policy than ever before.

Have you noticed, Mr. President, what very interesting fields of activity Mr.

Stassen will control in that attractive-sounding new position, the Secretary for Peace?

Mr. Stassen will have control of "peaceful" uses of atomic energy, including the training of foreign experts, but note this little fact. There is no essential difference between the knowledge acquired for peaceful use of atomic energy, and military uses of such energy. There is certainly no difference in the first 85 percent of the technology.

So Mr. Stassen is now to train foreign scientists and technicians, including those from Iron Curtain countries, in at least 85 percent of the knowledge essential for military uses of atomic energy.

What part will our professional military men and our Cabinet Secretary for Defense play in these very, very dangerous activities?

Mr. Stassen is also to be responsible for disarmament. But "disarmament" is another field of action filled with danger to our national security. The American plan for U. N. limitation of atomic weapons was worked out by Dean Acheson and David Lilienthal. It presupposes our willingness to submit our basic decisions of national security to the U. N., which includes the Soviet Union, to permit full inspection of our defense and atomic plans, and to trust that full inspection will be carried out honestly with respect to our potential enemies.

We were saved from imposition of that dangerous plan, for a world-control of our Military Establishment, only by the Soviet veto.

Is the new disarmament program to start from the old concept? Will our Military Establishment and our military security be even more tightly locked into UN and subject to decisions by a world body in which Communist power is paramount by reason of the veto?

Will our Defense Department and our professional military men be free to oppose such a potential danger? Will they be free to propose quite different plans?

In his third activity, Mr. Stassen is apparently to direct the new program for aid to Asia. But that, too, is competitive with our military security.

Aid to Asia belongs with the schemes to stop the onrush of communism in the free world by spending money for a world WPA in needy areas. Is that a tried and tested basis for our national security, Mr. President?

Our military establishment is under a Secretary of cabinet rank whose powers and duties are set down in statute law. Mr. Stassen will operate with funds and agents we cannot see. He will be handicapped by no statutory restrictions on his powers or his funds. I am very doubtful whether any agency operating under statutory restrictions can compete with him.

You may tell me, Mr. President, that Mr. Stassen is leaving the mutual security program, but I am not sure. This may be only a strategic retreat.

It looks to me strikingly like the way in which Harry Hopkins separated himself from lend-lease and gave it to Mr. Stettinius. Senators will recall that circumstance.

But we did not notice that Hopkins gave Stettinius all the areas of lend-



lease which he wanted Congress and the public to see. He kept to himself, vast, indefinite, and secret powers which have distorted our foreign and military policies to this very day.

Mr. Stassen tells us he has teams of experts from the State Department, the Department of Defense, and the Atomic Energy Commission working for him.

This is an appropriation, Mr. President, as truly as if it were made by Congress. The President has general funds and secret funds from which he can give Mr. Stassen what he needs.

He is asking for a special fund of \$100 million in this bill. The President's fund of \$200 million for Asian development is subject to only slight limitation.

To sum up, Mr. President, this appropriation of more than \$3 billion is a financial hazard in the present state of our budget. I have said that I cannot find that this expenditure would contribute in any way to our military security.

So far as I can find, from long and diligent research, this mutual security program has seriously interfered with our national security by tying our defense planning into knots which in turn bind it close to U. N., including the Soviet Union.

I have said that the new Secretary of Peace, who is to administer some of the funds here appropriated, has three new programs, each and all of which pose new dangers to our security by tying our military operations more tightly into world agencies which operate above our law.

We are responsible in this body for raising and supporting the Armed Forces needed to defend our country.

We are responsible for devising administrative machinery which will strengthen, not weaken, our security.

I believe we cannot in conscience vote for this vague, indefinite, potentially dangerous bill.

Therefore, I propose, Mr. President, that S. 2090 be recommitted to the Committee on Foreign Relations and the Committee on Armed Services, with the request that they report two separate bills.

One bill should assign all funds and powers which relate to defense and to military security, to the Secretary for Defense, who is a Cabinet officer with statutory authority, so that we can see whether his responsibility is discharged.

The second bill should assign all other funds and powers to the Secretary of State, a Cabinet officer with statutory power, so that we, as the representatives of the people, can see whether his responsibilities are discharged, or to some other official, whose agency and whose powers and duties are defined in the statute law.

This idea of a personal government cannot be tolerated. We saw it under Harry Hopkins. I have had enough of it.

The Mutual Security Agency is not short of funds. There will be no delay if the bill is recommitted and if, then, the committees report two bills, one relating to the defense and security of the United States, and the other to aid. Let us not handicap entirely the military defense and security of our country in a world-boondoggling, give-away program. What

delay would there be if two bills were reported from the two committees which are supposed to be acquainted with this very important subject? It could not hurt anyone. Almost \$9 billion in unspent funds are available. It would take 2 or 3 years to spend that amount of money. The Mutual Security Agency is not short of funds.

Congress can properly ask for more time in which to draft a better bill for an agency which has a backlog of nearly nine billions.

Congress must, I believe, ask for time to draft a better bill for the protection of the military security of the United States.

Mr. JOHNSON of Texas. Mr. President, if it is agreeable to the Senator from Indiana, and if he will yield back his remaining time—

Mr. BUTLER. Mr. President, will the Senator from Texas yield me about 4 minutes before he yields back the remainder of his time?

Mr. JOHNSON of Texas. Does the Senator from Maryland desire to speak on the motion to recommit?

Mr. BUTLER. No; I do not.

Mr. JOHNSON of Texas. The Senator from Indiana desires to have a quorum call and a yea-and-nay vote on his motion to recommit, and I am trying to accommodate him. A number of other Senators wish to offer amendments to the bill. If we could have a vote on the motion to recommit, the Senator from Maryland could obtain some time from other Senators who will offer amendments, if that is agreeable to him.

Mr. BUTLER. That is agreeable to me.

Mr. JENNER. Mr. President, I ask unanimous consent to have printed in the RECORD at this point the article to which I referred in my speech.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

STASSEN'S VIEW—FOREIGN AID REGARDED AS  
FIXED POLICY

(By Henry Raymond)

Harold E. Stassen, retiring foreign-aid director, said yesterday that old time conservative capitalism in the United States has evolved into a "peoples' capitalism" shared by all.

This, he said, has confounded the Communists.

He also said in an exclusive interview that the most significant development in the post-war ideological struggle between the Communist and capitalistic philosophies is that the free world is well ahead of the Communist nations in providing a better life for the average man.

To maintain this advantage, he continued, the United States must press forward with its program of economic cooperation with Asia and Latin America as a permanent feature of its foreign policy.

"The time when foreign aid was an emergency program is a thing of the past," he asserted. "It has shown its success and we must now regard it as an integral, permanent part of our policy."

Stassen formally surrenders his foreign aid post June 30, and at the request of President Eisenhower, will devote all his energies to developing basic United States disarmament policy.

Beginning with the Marshall plan, Stassen recalled that the United States embarked on an "honest effort to share its wealth and power with the free nations of the world."

He said that through its enlightened post-war policies, both under Democratic and Republican administrations, the United States has helped bring about these conditions:

Europe is in the midst of an unprecedented industrial upsurge.

Asia is making tremendous progress in expanding food production.

Latin America has made vast strides in developing natural resources and stabilizing monetary policies.

Plans are forming to begin more elementary forms of economic aid to Africa.

Meanwhile he saw the Communist nations suffering severe economic setbacks. He cited the internal convulsions of the Soviet Union—which resulted in the Kremlin shakeup—and pointed out that Russia has had to import sugar for home consumption.

Likewise, he said, Communist China is suffering grave food shortages.

Mr. JENNER. Mr. President, I yield back the remainder of my time.

Mr. JOHNSON of Texas. How much time is remaining in opposition?

The PRESIDING OFFICER. Forty-nine minutes remain to the opposition to the motion.

Mr. JOHNSON of Texas. Mr. President, I suggest the absence of a quorum, and I ask unanimous consent that the time be taken out of my time on the motion.

The PRESIDING OFFICER. Without objection, it is so ordered. The Secretary will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JOHNSON of Texas. I yield 1 minute to the Senate from Alabama.

Mr. SPARKMAN. Mr. President, with regard to the motion of the Senator from Indiana, I merely wish to say, that the Committee on Foreign Relations made a long and thorough study of the subject. It studied the recommendations of the highest ranking military authorities of our Nation and of all the civilian authorities from the President down. The bill represents the best judgment of the committee as a whole. I do not believe anything could be gained by having the bill recommitted.

Furthermore, it is my understanding that the Committee on Armed Services, by a vote of the committee, decided that it did not care to have the bill referred to it after the Committee on Foreign Relations had completed its work on it. Therefore I urge most strongly, and the Committee on Foreign Relations urges most strongly, that the motion be rejected.

Mr. JOHNSON of Texas. Mr. President, how much time remains to my side?

The PRESIDING OFFICER. Forty-four minutes.

Mr. JOHNSON of Texas. I understand the Senator from Indiana desires to have the yeas and nays on his motion.

Mr. JENNER. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. JOHNSON of Texas. Mr. President, I yield back the remainder of my time.



The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Indiana [Mr. JENNER] to recommit the bill. All time has been yielded back; the yeas and nays have been ordered and the Secretary will call the roll.

The Chief Clerk called the roll.

Mr. JOHNSON of Texas. I announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from Kentucky [Mr. CLEMENTS], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Tennessee [Mr. GORE], the Senator from Arizona [Mr. HAYDEN], the Senator from Arkansas [Mr. McCLELLAN], and the Senator from Wyoming [Mr. O'MAHONEY] are absent on official business.

The Senator from Massachusetts [Mr. KENNEDY] is necessarily absent.

The Senator from Montana [Mr. MURRAY] is absent by leave of the Senate to attend the International Labor Organization meeting in Geneva, Switzerland.

On this vote the Senator from Kentucky [Mr. CLEMENTS] is paired with the Senator from Nevada [Mr. MALONE]. If present and voting, the Senator from Kentucky would vote "nay," and the Senator from Nevada would vote "yea."

I further announce that, if present and voting, the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Montana [Mr. MURRAY], and the Senator from Wyoming [Mr. O'MAHONEY] would each vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Colorado [Mr. ALLOTT], the Senator from Ohio [Mr. BENDER], and the Senator from Nevada [Mr. MALONE] are absent on official business.

The Senator from South Dakota [Mr. CASE] and the Senator from Kansas [Mr. SCHOEPP] are absent by leave of the Senate.

The Senator from Utah [Mr. WATKINS] is absent on official business for the Committee on the Judiciary.

The Senator from New Hampshire [Mr. BRIDGES] is necessarily absent.

The Senator from Indiana [Mr. CAPEHART] and the Senator from Vermont [Mr. FLANDERS] are detained on official business.

If present and voting, the Senator from Colorado [Mr. ALLOTT], the Senator from Ohio [Mr. BENDER], the Senator from Vermont [Mr. FLANDERS], and the Senator from Kansas [Mr. SCHOEPP] would each vote "nay."

On this vote the Senator from Nevada [Mr. MALONE] is paired with the Senator from Kentucky [Mr. CLEMENTS]. If present and voting the Senator from Nevada would vote "yea," and the Senator from Kentucky would vote "nay."

The result was announced—yeas 16, nays 62, as follows:

#### YEAS—16

Barrett	Hruska	Mundt
Curtis	Jenner	Welker
Dworshak	Johnston, S. C.	Williams
Eastland	Langer	Young
Ellender	Long	
Goldwater	McCarthy	

#### NAYS—62

Aiken	Bennett	Butler
Anderson	Bible	Byrd
Barkley	Bricker	Carlson
Beall	Bush	Case, N. J.

Cotton	Kefauver	Payne
Daniel	Kerr	Potter
Dirksen	Kilgore	Purtell
Douglas	Knowland	Robertson
Duff	Kuchel	Russell
Ervin	Lehman	Saltonstall
Frear	Magnuson	Scott
George	Mansfield	Smathers
Green	Martin, Iowa	Smith, Maine
Hennings	Martin, Pa.	Smith, N. J.
Hickenlooper	McNamara	Sparkman
Hill	Millikin	Stennis
Holland	Monroney	Symington
Humphrey	Morse	Thurmond
Ives	Neely	Thye
Jackson	Neuberger	Wiley
Johnson, Tex.	Pastore	

#### NOT VOTING—18

Allott	Clements	Malone
Bender	Flanders	McClellan
Bridges	Fulbright	Murray
Capehart	Gore	O'Mahoney
Case, S. Dak.	Hayden	Schoeppel
Chavez	Kennedy	Watkins

So Mr. JENNER's motion to recommit was not agreed to.

Mr. LONG. Mr. President, I offer an amendment which I ask to have read.

The PRESIDING OFFICER. The clerk will state the amendment offered by the junior Senator from Louisiana.

The CHIEF CLERK. At the end of the bill it is proposed to add a new section, as follows:

SEC. 12. Notwithstanding the foregoing provisions of this act, such provisions shall not be construed to authorize the appropriation for the fiscal year 1956, for the purposes of titles I, II, and IV of the Mutual Security Act of 1954, as amended, of amounts (exclusive of unexpended balances of prior appropriations authorized to be continued available under such provisions) aggregating in excess of \$2,918,040,000.

Mr. LONG. Mr. President, I am prepared to yield back all but 15 minutes of my time, if the opposition will do likewise.

Mr. JOHNSON of Texas. Mr. President, I am prepared to yield back a similar amount of time. On this amendment I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. JOHNSON of Texas. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. JOHNSON of Texas. As I understand, each side now has 15 minutes on the Long amendment.

The PRESIDING OFFICER. All time except 15 minutes on each side has been yielded back.

Mr. JOHNSON of Texas. Mr. President, I hope all Senators will remain in the Chamber, because there will be a yea-and-nay vote at the end of 25 or 30 minutes of discussion on the amendment.

Mr. LONG. Mr. President, I yield myself 10 minutes.

The PRESIDING OFFICER. The Senator from Louisiana is recognized for 10 minutes.

Mr. LONG. Mr. President, this is a simple amendment. It is based upon the theory that it would be a mistake for us to increase the foreign-aid program in any single year.

The purpose of the amendment is to reduce the overall appropriation authorized by the bill by \$318 million. I have arrived at that figure because I believe a ceiling should be set on the military aid and the economic aid, other than the

point 4 program. If we authorize a larger figure than that for which my amendment provides, we shall be appropriating more money for foreign aid next year than was appropriated last year.

Senators know that budgets are prepared years in advance. Recommendations for appropriations must be studied more than a year in advance. The world situation has improved since these recommendations were made.

Unless the proposed authorization becomes law, this will be the first year the Senate and the House of Representatives have not seen fit to reduce the amount recommended by the administration for foreign military aid. It will be the first year since 1951 in which the Senate will have appropriated more for that purpose than it provided in the previous year.

I am not proposing to reduce the amount provided in title III, which is the so-called point 4 technical assistance program. I am completely prepared to concede that title III, the technical assistance program, is here to stay; and that the United States will be providing more technical assistance throughout the world so long as any of us have the pleasure to serve in the Senate.

On the other hand, I think most Senators recognize that the large amounts of funds for foreign aid generally have not yet been wholly expended. I believe most Senators share my desire that, year by year, there should be a gradual reduction in the foreign-aid program.

How does it happen that, although the administration has requested less money this year than it requested last year, yet the Senate is prepared to vote on final passage for a committee bill which authorizes \$318 million more than was proposed to be authorized last year in the bill reported by the committee.

The reason is that last year the committee that studied the foreign aid bill, which called for about \$3,567,000,000, cut out almost \$500 million before the bill was reported to the Senate. Then the Senate saw fit to adopt an amendment which I offered to reduce the amount another \$500 million, which made the overall reduction almost \$1 billion below the administration's request. Of course, much of that amount was restored by the House; nevertheless, some of the cut remained.

It seems to me we should insist that there be no expansion of the foreign-aid program, which already has on hand a balance approximating \$9 billion beyond what was in the previous year. To do so would be to prolong the life of the program and to call for greater appropriations year by year. For that reason, I hope that Senators will agree with me that it would be a mistake for the Senate to appropriate more money this year for foreign aid than was appropriated last year.

As of March 31, 1955, there was on hand, unexpended, \$9,909,800,000. If the bill shall be passed, even with the amendment I propose, there will be an additional \$3,090,000,000 added to that amount. In other words, there would be approximately \$13 billion unexpended.

The expenditures under the foreign-aid program are being made at the rate



of \$4,800,000,000 a year. Certainly that is sufficient to carry on the program.

My amendment proposes a reduction of less than 10 percent—a very modest reduction. It would be the smallest reduction that Congress has made since the foreign military aid program was established.

For example, in 1951, \$8,500,000,000 was requested. Congress authorized \$7,483,000,000, a reduction of \$1 billion.

In 1952, \$7,900,000,000 was requested. Congress authorized \$6,447,000,000, a reduction of \$1,500,000,000.

In 1953, \$5,474,000,000 was requested. Congress authorized \$5,057,000,000, a reduction of \$325,000,000.

In 1954, last year, a request was made for \$3,676,000,000. Congress authorized \$3,252,000,000, a reduction of \$425 million.

If my amendment shall be agreed to, for a reduction of \$318 million, the cut will be the smallest that Congress will have made in the history of the foreign military-aid program.

I submit that my amendment proposes a very modest reduction, far less than that which was made last year.

The argument has been made that we should support the President. I believe we should support the President, but also we should discharge our own responsibilities. President Eisenhower has given us his views, but he expects us to accept our responsibility. Surely that responsibility is to vote our judgment in these matters.

For example, last year, President Eisenhower recommended \$3,500,000,000. After the request was made, the Senate Committee on Foreign Relations, without a single amendment, proceeded to reduce it to \$3,100,000,000. In their judgment, the members of the committee thought that was wise. The Senate cut it an additional amount. I saw no evidence that the President felt that we had not supported him.

The mechanics of the program would work in this manner: There would be an overall ceiling on the amount which could be appropriated. The bill would authorize in additional items, more than the ceiling would permit to be appropriated. It would then be the responsibility of those in charge of the program to go before the appropriations committees of both the House and the Senate and explain to them where they believed the reduction of \$314 million could best be absorbed. That is the procedure which the Senate adopted, by a vote of 45 to 41, last year, involving a reduction of \$500 million, after the committee had already reduced the amount by almost \$500 million.

It seems to me that such a procedure would be in order, due to the fact that the committee has not reduced the program by 5 cents. I believe we should proceed to make what would be a very modest reduction, which I believe would bring the amount to that appropriated last year, a reduction of \$314 million.

As I say, that would leave an authorized appropriation for this year of \$3,090,000,000. There would be on hand, in addition, almost \$10 billion of unexpended funds.

I hope the amendment will be agreed to. I hope very much the distinguished chairman of the committee will not feel obliged to oppose the amendment.

Mr. JOHNSON of Texas. Mr. President, I yield the Senator from Georgia such time as he may desire.

The PRESIDING OFFICER (Mr. STENNIS in the chair). The Senator from Georgia is recognized for 15 minutes.

Mr. GEORGE. Mr. President, the distinguished Senator from Louisiana is predicating his case on the unexpended balances in this bill. Last year the Committee on Appropriations defined "unexpended balances," and gave it a statutory interpretation, and under that statutory interpretation of unexpended balances—and that is the law which is applicable to this bill for this year, at least—the unexpended balances are very small. In fact, according to the testimony of Mr. Hensel, and according to the other testimony which was adduced before the committee, they are approximately \$100 million; and all of that is contracted for, or is allocated, or the Defense Department has placed orders in that amount, in order to expedite the furnishing of arms and military material to the countries to whom we are obligated to furnish them.

When such orders are given, the FOA—that is the name of the organization this year—is called upon and is asked to allocate to the different departments an amount necessary to pay the bill when the "hardware" is delivered. That represents all the unexpended balances here involved.

In order to make that certain, the very last provision of the pending bill provides that unexpended balances in excess of \$200 million not continue available after June 30, 1955. If there is more than \$200 million, it is not to be reappropriated for the use of the mutual security program. In other words, it is cut off at \$200 million.

Mr. LONG. Mr. President, will the Senator yield?

Mr. GEORGE. I am speaking under limited time, but I yield.

Mr. LONG. Will the Senator tell us why the provision was placed in the bill?

Mr. GEORGE. I am trying to tell the Senator. It was placed in the bill because the testimony was undisputed and it was unquestioned that every dollar of this money had been allocated under the statutory definition made by the Appropriations Committee of the Senate, which was binding upon that committee. It was stated there was remaining only \$100 million. It was first proposed that only \$100 million of the unexpended balances should be carried over. It is true we did reappropriate the unexpended balances, but in accordance with the testimony, and we limited the carryover to \$200 million.

So do not worry about the unexpended balances or the unallocated balances. That is all there is to the question. More than \$200 million cannot be carried over. There is no way for more than that amount to be carried over. There are no unexpended balances, other than the amounts reserved to take care of military orders placed by the Defense De-

partment in order to expedite the furnishing of arms.

The bill does not provide for a greater amount than did the bill of last year, let me say to the Senator from Louisiana. Much has been said to the effect that the bill does so provide. The pending bill carries the total cost of the Army in Korea. Heretofore a large percentage of the appropriation necessary to support our Armed Forces in Korea has been borne by the Military or Defense Establishment. One hundred twenty-two million dollars of it is an item for infrastructure, the building of bases in Spain. That amount is reappropriated. All that money is to be added, to make the bill appropriate approximately \$3,480,000,000.

The unexpended balance is the item which seems to have troubled some of us. There will always be an unexpended balance in this bill, and in every other bill, when orders cannot be filled the first year the appropriation is made. There is a large unexpended balance in the military defense appropriation. It is unavoidable, because orders cannot be filled in a year. Some of them take 2 years. Some of the orders take more than 2 years.

So far as the military items are concerned—and they are a big part of the bill, in fact three-fourths of the bill—it is true that such items do not encompass military "hardware" alone but encompass military "hardware" plus direct support, which includes the clothing soldiers must wear. It means that Korea and Chiang Kai-shek on Formosa can support, all told, nearly 1 million soldiers, which can be used for our defense. Those soldiers cannot be supplied with shoes, coats, hats, and other necessary articles which soldiers in an army must have, unless we see that they are supplied. The pending bill must take care of, if it is to be taken care of at all, the total cost of maintaining an army in Korea, of maintaining all the armed forces in Korea, an obligation to which the Defense Department, during the Korean war and up until this year, has largely contributed.

More than \$400 million will go to the armed forces in Korea, or for their benefit or support. There are 500,000 Korean soldiers who are trained to come to our rescue. In Formosa there are another 400,000 to 500,000 troops, or some such number; and there are many soldiers in other parts of the world.

Mr. President, do we want any allies? Do we want any help?

I do not believe it wise for us to undertake to cut the authorization provided by this bill below that recommended by the committee.

So far as the unexpended balances are concerned, I am perfectly willing now, if Senators wish to do so, to provide that only \$100 million of unexpended balances shall be carried over; and that will end all the unexpended balances, except for those which will be allocated or held in reserve to meet the bill which this fund will owe to the Defense Establishment which is putting up its own money in order that it may order the necessary "hardware," the necessary mu-



nitions, the necessary arms, to support the Armed Forces abroad to which we are making a contribution.

Mr. BARKLEY. Mr. President, will the Senator from Georgia yield to me at this time?

Mr. GEORGE. I am glad to yield.

Mr. BARKLEY. The Senator from Georgia will recall that in the hearings before the committee, the witnesses representing the armed services and the mutual-aid program, as well as the State Department, seemed to have gone into greater detail in outlining the need for all these items than had previously been done in respect to any other bill with which I ever had any connection; and the Senator from Georgia will also recall that many of the Members of the Senate, including himself and myself, asked Mr. Hensel, particularly, if they had screened this request for authorizations to the point where it represented the minimum assistance we could safely provide to our friends throughout the world. Does the Senator from Georgia recall that that is true?

Mr. GEORGE. Exactly so. We went into it at great length, and made every possible effort to have them explain what is meant by these unexpended balances.

Mr. BARKLEY. Mr. Hensel impressed me as a very able and a very sincere man. Surely he has no ulterior motive in making these recommendations. He has since resigned from the Government, and the President has accepted his resignation.

It seems to me that, as I recall, no bill was ever explained in greater detail or was worked on more thoroughly than the pending bill.

So, Mr. President, I believe, with the Senator from Georgia, that the amendment proposed by our good friend, the Senator from Louisiana [Mr. LONG], should not prevail.

Mr. GEORGE. I thank the Senator from Kentucky.

Mr. WILEY. Mr. President, will the Senator from Georgia yield to me?

Mr. GEORGE. Yes; if I have sufficient time to do so. Let me inquire of the Chair how much time remains to me.

The PRESIDING OFFICER. The Senator from Georgia has only 1 minute remaining.

Mr. WILEY. If the Senator from Georgia will yield only briefly to me, I should like to state, for the RECORD, what Mr. Hensel said.

Mr. GEORGE. Very well; I yield.

Mr. WILEY. Mr. Hensel, then the Assistant Secretary of Defense, said:

A dollar abroad buys more frontline defense than a dollar spent at home.

He also said:

Our security could not be better and more economically preserved if we spent on our own forces the money we are now spending on allied forces.

Let me say that Admiral Radford, Chairman of the Joint Chiefs of Staff, said:

The mutual-defense assistance program is an integral part of our own national-security program.

He also said:

Such a program can hardly be labeled a giveaway program.

A little later he said:

It is more advantageous for us to assist our allies in maintaining their own national forces, especially ground forces, than it is for us to provide United States soldiers.

He also said:

Our security and that of our allies are in reality one and the same.

Mr. GEORGE. I thank the Senator from Wisconsin.

Mr. JOHNSON of Texas. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Texas will state it.

Mr. JOHNSON of Texas. Does the Senator from Louisiana have 7 minutes remaining?

The PRESIDING OFFICER. That is correct.

Mr. JOHNSON of Texas. Let me inquire whether the Senator from Georgia desires to have any further time.

Mr. GEORGE. No. I was going to yield to the Senator from California.

Mr. JOHNSON of Texas. I have arranged to have time yielded to the Senator from California.

Mr. President, if the Senator from Louisiana will use his 7 minutes at this time, then we are prepared to yield to the Senator from California the 2 minutes remaining to our side.

Mr. LONG. Very well, Mr. President.

The PRESIDING OFFICER. The Senator from Louisiana is recognized for 7 minutes.

Mr. LONG. Mr. President, if I should have the honor to serve for a great many years in the Senate I would never expect to enjoy the esteem with which the Senator from Georgia is held by the Senate, or to approach the eloquence with which he speaks. But in my 7 years of service in the Senate, I have gained a decided impression of the way that such budget items are prepared.

In years gone by I have found that I could agree with the Senator from Georgia because he has advocated, in connection with foreign aid expenditures reductions which I myself have advocated. Last year we agreed that the cost of the foreign-aid bill could be reduced, and the distinguished chairman of the committee and a majority of the committee agreed on the making of such a reduction.

I read now from the CONGRESSIONAL RECORD of August 3, 1954; the distinguished senior Senator from Georgia [Mr. GEORGE] then said:

Therefore, I said to the committee, as I said to the representative of the executive branch of the Government, that if we cut the authorization bill to not exceeding approximately \$3 billion in new money, I felt I could go along with it. We did cut it.

The House authorized \$3,566,908,000. We cut it down to \$3,100,000,000; \$10 million has been added on the floor for Latin American countries. I think that was a very wise decision by the Senate. Therefore, we reduced substantially the amount of new money in the bill. That is what we are now asked to authorize.

A little later the Senator from Georgia said:

If we cut the amount by another half billion dollars, perhaps we could get by; but if we cut it by a billion dollars, as I first thought we should cut it, we would serve notice upon the world that the United States at least was withdrawing so far as our NATO program was concerned, so far as all our efforts in Southeast Asia are concerned, and so far as any protection in the Far East, in the Middle East, and in all of Europe is concerned.

At that time the Senator from Georgia was referring to a \$1 billion amendment which was being offered by me; and the Senator from Georgia was agreeing that perhaps we could make another \$500 million reduction, in addition to the \$500 million reduction which he himself had recommended.

So at that time the Senator from Georgia felt that a \$1 billion reduction in a bill calling for \$3½ billion would not be too great a reduction to make.

Let me point out that the persons who prepared that budget are the same ones who prepared this budget. Although today the Senator from Georgia is more impressed by their testimony than he was then, I have concluded that the officials who prepared this budget did so in about the same way that they prepared the budget last year.

Mr. President, if we can take at face value the assertions of the administration, I believe the administration intends gradually to reduce the amount of the overall foreign-aid program.

Mr. GEORGE. Mr. President, will the Senator from Louisiana yield to me?

Mr. LONG. I yield.

Mr. GEORGE. Let me say that this budget has been made up in a way in which no other budget for foreign aid has been made up. I sat in on the committee meetings when the first foreign-aid bill was prepared, following which it was brought to the floor of the Senate. We then agreed upon a \$17 billion program for a little more than 4 years, and we made the appropriations year by year. The late Senator Vandenberg, who then was chairman of the committee, agreed with me; and that was the position we took.

This budget is a very well prepared one. It is the best prepared and best presented budget I have seen come from the Mutual Security Administration. It is a very thoroughly prepared budget, and is the best of any budget I have seen submitted by any Administration or under any Administrator.

Last year the unexpended balances were in serious question. Actually, about \$6 billion was unexpended.

But now that entire picture has changed. The unexpended balances represent nothing on earth except either allocated funds or reserve funds within a statutory definition fixed by the Appropriations Committee, as I have already said, except in the case of approximately \$100 million; and then we have assumed all the cost of caring for the Korean soldiers.

Mr. LONG. Mr. President, let me say a word in regard to the allocation or ob-



ligation of the funds. It is easy enough for someone to write in a book that it is expected that certain funds will be spent in certain ways. But this Administration has on hand almost \$10 billion of unexpended funds, to which we propose to add \$3 billion.

Let me say that I had the privilege of serving on the Armed Services Committee when this program was initiated. I recall very well that we were told, sometimes behind closed doors, and sometimes in public, that the great year of danger was 1954, and that we had to appropriate \$7 billion or \$8 billion in 1 year because we had to aid our friends, and because we were expecting that war would break out in that year. 1954 came and went. We appropriated the money. We armed our allies. In some places they have arms running out of their ears. Yet the experience we have is that, far from the program tapering off, in some respects it is being expanded. Far from merely arming our allies, we are now asked to buy their uniforms, to feed them, and to pay the soldiers in the field. There is not a nation in the world that cannot put uniforms on some sort of clothing on its own soldiers. There is not a nation in the world that cannot feed its own soldiers. There is not a nation in the world that cannot pay the modest sums which these nations pay to take care of their troops, particularly in peacetime. Yet the United States is picking up the check for all of them. In addition, here comes a great economic program, in the name of foreign aid, and in the name of military support.

Mr. THYE. Mr. President, will the Senator yield for a question?

Mr. LONG. In just a moment.

We are being asked to build factories in those countries, to rehabilitate their railroads, and to build transmission lines across those countries, all in the name of defense.

This budget can be reduced. If the Senate will accept this amendment, we shall have very good and sound advice from the Foreign Operations Administration itself, and from its able officers, on how we can make the very modest reduction I am recommending.

I now yield to the Senator from Minnesota.

Mr. THYE. The Senator from Louisiana said that any nation could afford to clothe and feed its soldiers. Korea was at war less than 3 years ago. Korea was devastated.

Mr. LONG. Korea is perhaps the exception.

Mr. THYE. She is trying today to rehabilitate herself, and she is facing serious economic problems.

Mr. LONG. Korea is perhaps an exception; but there is involved only \$400 million in this bill affecting Korea.

Mr. THYE. Mr. President, will the Senator further yield?

Mr. LONG. I cannot yield further at this time. I must answer the Senator. There is involved only approximately \$400 million for Korea, out of an overall total of \$3,400,000,000. There is no reason why this amendment need affect

Korea. If it should affect Korea, it would be because, when a modest reduction was made, the administration itself would proceed to recommend that perhaps in some of the Korean items there could be a reduction. I will agree that Korea has a better case than other countries so far as concerns supporting her troops and paying her soldiers.

Mr. THYE. The distinguished chairman [Mr. GEORGE] also referred to Formosa. Every available man who can wear a uniform and serve in the armed forces is in the armed forces of that country. Therefore its economic condition is strained, and if we do not in some sense support that army, it will not stand as a part of our national defense.

Mr. LONG. Some may pick out strong points in this program and emphasize them. Others may pick out weak points, such, for example, as the building of a railroad for India. India could take care of the railroad for herself. If we did not give her any money, she would build it any way.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. LONG. Mr. President, may I complete my thought?

Mr. JOHNSON of Texas. I yield 1 additional minute to the Senator from Louisiana.

Mr. LONG. I merely wish to say that there are thousands of items throughout the world involving far greater amounts than does the pending bill, running to the extent of perhaps \$50 billion or \$100 billion, which would be equally as desirable as items in this bill, if Congress saw fit to make that much money available to our friends throughout the world.

Mr. JOHNSON of Texas. Mr. President, I yield the remaining time, which is less than 3 minutes, I believe, to the distinguished minority leader [Mr. KNOWLAND].

Mr. KNOWLAND. Mr. President, I rise in opposition to the amendment offered by the Senator from Louisiana [Mr. LONG], not only for the very cogent reasons which have been presented by the distinguished Senator from Georgia, chairman of the Foreign Relations Committee, but for some additional reasons as well.

The distinguished Senator from Georgia has had more experience in this body than any of the others of us. He was quite correct when he said that among all the bills which have come to the Senate from the Foreign Relations Committee—certainly during the period of time I have served on that committee, and previously on the Armed Services Committee—there has never been a more detailed breakdown of the facts and figures relating to any bill than that relating to the bill now before the Senate.

We must deal realistically with the situation in the world today. It is quite true, as the Senator from Louisiana pointed out, that the previous administration, as well as this one, had pointed out the necessity of building a system of selective security against the menace of communism in the event the Commu-

nists should decide to move in 1952, 1953, or 1954. It is true that they did not move, but, in my opinion, one reason they did not move is that the free world, largely supported by the United States, which furnished leadership, had presented a formidable barrier to their moving. Certainly in 1955, when matters may be coming to a critical head, this is not the time to pull the stopper on the situation in the Far East.

It is extremely important not only that we provide military support for our allies in that part of the world but that they also have the defense support items. As has been pointed out by the Senator from Minnesota [Mr. THYE], it is extremely necessary that there be such defense support items for Korea, because it does no good to give the troops guns if they are not properly clothed. Winterized clothing is necessary in order to meet aggression which may come during the winter months.

Korean troops are in much larger force than a country of that size would normally maintain. The number is far beyond the economic possibility of their maintenance by that nation. There are approximately 600,000 Korean troops there. The fact that they are there provides a staunch part of the defense in the Pacific.

On the island of Formosa there are approximately half a million Army, Navy, and Air Force personnel. Those two small countries together account for 1,100,000 men. Certainly at this particular point in the history of the world it would be most disadvantageous—and it might even be fatal—to pull the stopper on that situation.

The PRESIDING OFFICER. The time of the Senator from California has expired. All time has been exhausted.

Mr. JOHNSON of Texas. Mr. President, have the yeas and nays been ordered?

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Louisiana [Mr. LONG]. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk called the roll.

Mr. JOHNSON of Texas. I announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from Kentucky [Mr. CLEMENTS], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Tennessee [Mr. GORE], the Senator from Arkansas [Mr. McCLELLAN], and the Senator from Wyoming [Mr. O'MAHONEY] are absent on official business.

The Senator from Massachusetts [Mr. KENNEDY] is necessarily absent.

The Senator from Montana [Mr. MURRAY] is absent by leave of the Senate to attend the International Labor Organization meeting in Geneva, Switzerland.

On this vote the Senator from Kentucky [Mr. CLEMENTS] is paired with the Senator from Nevada [Mr. MALONE]. If present and voting, the Senator from Kentucky would vote "nay," and the Senator from Nevada would vote "yea."

The Senator from Arkansas [Mr. FULBRIGHT] is paired with the Senator from



Massachusetts [Mr. KENNEDY]. If present and voting the Senator from Arkansas would vote "nay," and the Senator from Massachusetts would vote "yea."

The Senator from Arkansas [Mr. McCLELLAN] is paired with the Senator from Wyoming [Mr. O'MAHONEY]. If present and voting, the Senator from Arkansas would vote "yea," and the Senator from Wyoming would vote "nay."

I further announce that if present and voting, the Senator from Montana [Mr. MURRAY] would vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Colorado [Mr. ALLOTT], the Senator from Ohio [Mr. BENDER], and the Senator from Nevada [Mr. MALONE] are absent on official business.

The Senator from South Dakota [Mr. CASE] and the Senator from Kansas [Mr. SCHOEPPPEL] are absent by leave of the Senate.

The Senator from Utah [Mr. WATKINS] is absent on official business for the Committee on the Judiciary.

The Senator from New Hampshire [Mr. BRIDGES] is necessarily absent.

The Senator from Indiana [Mr. JENNEN] is detained on official business.

On this vote, the Senator from Nevada [Mr. MALONE] is paired with the Senator from Kentucky [Mr. CLEMENTS]. If present and voting, the Senator from Nevada would vote "yea," and the Senator from Kentucky would vote "nay."

The Senator from South Dakota [Mr. CASE] is paired with the Senator from Colorado [Mr. ALLOTT]. If present and voting, the Senator from South Dakota would vote "yea," and the Senator from Colorado would vote "nay."

The Senator from Kansas [Mr. SCHOEPPPEL] is paired with the Senator from Ohio [Mr. BENDER]. If present and voting, the Senator from Kansas would vote "yea," and the Senator from Ohio would vote "nay."

The result was announced—yeas 27, nays 53, as follows:

#### YEAS—27

Barrett	Ellender	Martin, Pa.
Bible	Frear	Mundt
Bricker	Goldwater	Robertson
Butler	Hruska	Russell
Byrd	Johnston, S. C.	Stennis
Curtis	Kerr	Thurmond
Daniel	Langer	Welker
Dworshak	Long	Williams
Eastland	Magnuson	Young

#### NAYS—53

Aiken	Hennings	Monroney
Anderson	Hickenlooper	Morse
Barkley	Hill	Neely
Beall	Holland	Neuberger
Bennett	Humphrey	Pastore
Bush	Ives	Payne
Capehart	Jackson	Potter
Carlson	Johnson, Tex.	Purtell
Case, N. J.	Kefauver	Saltonstall
Cotton	Kilgore	Scott
Dirksen	Knowland	Smathers
Douglas	Kuchel	Smith, Maine
Duff	Lehman	Smith, N. J.
Ervin	Mansfield	Sparkman
Flanders	Martin, Iowa	Symington
George	McCarthy	Thye
Green	McNamara	Wiley
Hayden	Millikin	

#### NOT VOTING—16

Allott	Fulbright	Murray
Bender	Gore	O'Mahoney
Bridges	Jenner	Schoeppe
Case, S. Dak.	Kennedy	Watkins
Chavez	Malone	
Clements	McClellan	

So Mr. LONG's amendment was rejected.

Mr. McCARTHY. Mr. President, I call up my amendment.

The PRESIDING OFFICER. The amendment offered by the Senator from Wisconsin will be stated.

The CHIEF CLERK. On page 14, between lines 12 and 13, it is proposed to insert the following:

(f) At the end of the chapter add the following new section:

"SEC. 515. During any period during which any American citizen is held prisoner by Communist China, none of the funds authorized by this act, or by any act authorizing the appropriation of funds for providing financial assistance to foreign countries, shall be obligated or expended for providing assistance to any foreign country which (a) exports or knowingly permits the exportation of materials or products from such country to Communist China, or (b) ships or knowingly permits the shipment of materials or products to any port in Communist China on a vessel carrying the flag of such country or owned or controlled, directly or indirectly, by the nationals of such country."

Mr. JOHNSON of Texas. Mr. President, will the Senator from Wisconsin yield?

Mr. McCARTHY. I yield.

Mr. JOHNSON of Texas. Mr. President, I understand it is agreeable to the Senator from Wisconsin that we yield back all but 3 minutes on each side and ask for the yeas and nays. If it is agreeable to the Senator from Wisconsin, I now ask for the yeas and nays.

The yeas and nays were ordered.

Mr. JOHNSON of Texas. Mr. President, I yield back all but 3 minutes of my time.

Mr. McCARTHY. Mr. President, it will take me less than 3 minutes to discuss my amendment. However, in case I am questioned, I might require more than 3 minutes. Is that agreeable to the Senator?

Mr. JOHNSON of Texas. I should prefer to yield back all time but 5 minutes.

Mr. McCARTHY. That is acceptable to me.

The PRESIDING OFFICER. The Chair understands that each side has yielded back all but 5 minutes. The Senator from Wisconsin is recognized for 5 minutes.

Mr. McCARTHY. Mr. President, the Senate Investigating Committee under the able chairmanship of the Senator from Arkansas [Mr. McCLELLAN] held hearings 2 or 3 weeks ago with regard to the American uniformed men who are still being held in Communist China. We had before us officials of the Air Corps, the Army, the Navy, and the State Department, and it was admitted by them that 481 uniformed men are still being held by Communist China. This makes the administration claims that there are only from 11 to 15 being held very deceptive in the extreme. Since that time four men have been released, which means that there are still 477 uniformed men being held.

As to civilians, there are apparently 20, although there is an estimate given of 35. That is a total of 477 uniformed men still

being held in Communist China, and perhaps 20 or 25 civilians.

My amendment simply provides that no country which ships the sinews of military strength to Red China or permits the shipment of such materials to Red China shall receive any mutual security aid.

Mr. President, I do not believe any argument is required. The amendment is self-explanatory. Either we continue giving aid to countries that ship to Red China while Red China is holding Americans prisoners of war, or we do not.

I wish to say to the majority leader that I appreciate his help in getting the yeas and nays on this particular amendment.

Mr. JOHNSON of Texas. Mr. President, if any Senator desires time to speak in opposition, I shall be glad to yield it to him.

Mr. GEORGE. Mr. President, I rise to oppose this amendment. It sounds plausible and good, but it is a very unwise step to take.

We are making progress in getting prisoners released. Four of them have been released recently. The chances are that in a short time 11 or maybe more may be out of Red China. This amendment would impose a burden upon other peoples in that area who may do some little trading with Red China and to whom we must extend help if we are to maintain anything like stability in the entire Far East.

Suppose, Mr. President, that Japan should buy a little material from Red China. She must buy from someone. Suppose Japan should ship some goods into Red China; soft goods or any other kind of goods. It would be most embarrassing to our whole program in that area if we should take the position that such an act alone and of itself would result in Japan forfeiting all the aid and assistance we might find it necessary to provide her under this program and which should be provided if we are to have any stability in the Far East. That stability must come primarily, let us say, through the Philippines, through Japan, through Korea, through Formosa, and some other countries, including India, if India should become militantly on our side or should even be strictly neutral.

Mr. McCARTHY. Mr. President, will the Senator from Georgia yield for a question?

Mr. GEORGE. I have no time, but I shall be glad to yield.

Mr. McCARTHY. With the great respect I have for the able Senator from Georgia, I hesitate questioning him on the floor of the Senate. However, does the Senator realize that even though the war in Korea has been ended for more than 2 years, according to testimony taken by the committee there were 481—the number is now 477—uniformed men who have not been returned and who are being brain-washed into eternity in Communist dungeons? Does the Senator realize the figure was 944 after the exchange of prisoners, and that now some 463 have disappeared? I wonder if the Senator will agree with me that we should not give money to allies while



they are strengthening Red China which, in turn, is torturing into eternity American young men. It would seem to follow as the night follows the day.

Mr. GEORGE. I cannot answer the Senator's question, because it is an argument or a thesis. But I would say that, under this bill, if England does any trading whatever with Red China, then any aid or assistance—military assistance, because there is nothing else going to England—would be cut off. The Senator's amendment would make the program impossible. It is just as well for us to be frank about it and, if we do not want to continue the program, to say so directly.

Mr. McCARTHY. Does the Senator know that under our rules and regulations no American ship can carry goods to Red China and no American businessman can sell goods to Red China?

Mr. GEORGE. That is quite a different thing. But I have no further time.

SEVERAL SENATORS. Vote! Vote!

The PRESIDING OFFICER. Two minutes remain.

Mr. JOHNSON of Texas. Mr. President, I yield back my time.

The PRESIDING OFFICER. All time has been yielded back.

The question is on agreeing to the amendment offered by the Senator from Wisconsin [Mr. McCARTHY]. The yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk called the roll.

Mr. JOHNSON of Texas. I announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from Kentucky [Mr. CLEMENTS], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Tennessee [Mr. GORE], the Senator from Rhode Island [Mr. GREEN], the Senator from Arkansas [Mr. McCLELLAN], the Senator from Wyoming [Mr. O'MAHONEY], and the Senator from Georgia [Mr. RUSSELL] are absent on official business.

The Senator from Massachusetts [Mr. KENNEDY] is necessarily absent.

The Senator from Montana [Mr. MURRAY] is absent by leave of the Senate to attend the International Labor Organization meeting in Geneva, Switzerland.

On this vote, the Senator from Kentucky [Mr. CLEMENTS] is paired with the Senator from Nevada [Mr. MALONE]. If present and voting, the Senator from Kentucky would vote "nay," and the Senator from Nevada would vote "yea."

I further announce that, if present and voting, the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Rhode Island [Mr. GREEN], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Montana [Mr. MURRAY], and the Senator from Wyoming [Mr. O'MAHONEY] would each vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Colorado [Mr. ALLOTT], the Senator from Ohio [Mr. BENDER], and the Senator from Nevada [Mr. MALONE] are absent on official business.

The Senator from South Dakota [Mr. CASE] and the Senator from Kansas [Mr. SCHOEPPPEL] are absent by leave of the Senate.

The Senator from Utah [Mr. WATKINS] is absent on official business for the Committee on the Judiciary.

The Senator from New Hampshire [Mr. BRIDGES] is necessarily absent.

The Senator from Ohio [Mr. BRICKER] is detained on official business.

If present and voting, the Senator from Colorado [Mr. ALLOTT] and the Senator from Ohio [Mr. BENDER] would each vote "nay."

On this vote, the Senator from Nevada [Mr. MALONE] is paired with the Senator from Kentucky [Mr. CLEMENTS]. If present and voting, the Senator from Nevada would vote "yea," and the Senator from Kentucky would vote "nay."

The result was announced—yeas 18, nays 60, as follows:

#### YEAS—18

Barrett	Hruska	McCarthy
Curtis	Jenner	Potter
Daniel	Johnston, S. C.	Thurmond
Dworshak	Kerr	Welker
Frear	Knowland	Williams
Goldwater	Langer	Young

#### NAYS—60

Aiken	George	Millikin
Anderson	Hayden	Monroney
Barkley	Hennings	Merse
Beall	Hickenlooper	Mundt
Bennett	Hill	Neely
Bible	Holland	Neuberger
Bush	Humphrey	Pastore
Butler	Ives	Payne
Byrd	Jackson	Purtell
Capehart	Johnson, Tex.	Robertson
Carlson	Kefauver	Saltonstall
Case, N. J.	Kilgore	Scott
Cotton	Kuchel	Smathers
Dirksen	Lehman	Smith, Maine
Douglas	Long	Smith, N. J.
Duff	Magnuson	Sparkman
Eastland	Mansfield	Stennis
Ellender	Martin, Iowa	Symington
Ervin	Martin, Pa.	Thye
Flanders	McNamara	Wiley

#### NOT VOTING—18

Allott	Clements	McClellan
Bender	Fulbright	Murray
Bricker	Gore	O'Mahoney
Bridges	Green	Russell
Case, S. Dak.	Kennedy	Schoeppel
Chavez	Malone	Watkins

So Mr. McCARTHY's amendment was rejected.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. ELLENDER. Mr. President, I offer an amendment, which I ask to have read.

The PRESIDING OFFICER. The clerk will state the amendment offered by the senior Senator from Louisiana.

The CHIEF CLERK. On page 11, beginning with line 8, it is proposed to strike out through line 25 on page 12, as follows:

(k) Add the following new section:

"SEC. 418. President's fund for Asian economic development: (a) The Congress of the United States reaffirms the policy of the United States to contribute to international peace and security through assisting the peoples of free Asia in their efforts to attain economic and social well-being, to safeguard basic rights and liberties, and to protect their security and independence. The Congress hereby recognizes that fundamental to these goals is an expanding economic growth of the free Asia area based upon self-help and mutual cooperation and full utilization of already existing resources and knowledge. The Congress expresses the willingness of the people of the United States to support the foregoing objectives to the extent to which the countries in the area continue to make

effective use of their own resources and external resources otherwise available to them.

"(b) In order to carry out the purposes of this section, there is hereby authorized to be established a fund, to be known as the 'President's fund for Asian economic development' (hereinafter referred to as 'the fund'), and there is hereby authorized to be appropriated to the President for the fund an amount of \$200 million, such amount to remain available until June 30, 1958.

"(c) The President is authorized to utilize the appropriations made available for the fund to accomplish in the free Asian area the policies and purposes declared in this act and to disburse them on such terms and conditions, including transfer of funds, as he may specify to any person, corporation, or other body of persons however designated, or to any foreign government, agency, or organization or group of governments or agencies as may be appropriate: *Provided, however*, That not less than 50 percent of the funds appropriated pursuant to this section shall be available only for furnishing assistance on terms of repayment in accordance with the provisions of section 505, and not more than 25 percent of said funds may be allocated for assistance to any one nation.

"(d) In utilizing the fund the President shall give preference to projects or programs that will clearly contribute to promoting greater economic strength in the area as a whole or among a group or groups of countries of the area."

Mr. JOHNSON of Texas. Mr. President, will the Senator from Louisiana yield?

Mr. ELLENDER. I yield.

Mr. JOHNSON of Texas. Is this the amendment on which the Senator desires to have the yeas and nays, and on which he is agreeable to 5 minutes' time for debate on each side?

Mr. ELLENDER. That is correct.

Mr. JOHNSON of Texas. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. JOHNSON of Texas. Mr. President, I will yield back all of my time except 5 minutes, if the Senator from Louisiana will do likewise.

Mr. ELLENDER. I do likewise.

The PRESIDING OFFICER. All time has been yielded back except 5 minutes on each side. The senior Senator from Louisiana is recognized for 5 minutes.

Mr. ELLENDER. Mr. President, earlier this afternoon I made a rather lengthy statement regarding the reasons why I thought the five amendments I proposed to submit should be adopted.

The pending amendment seeks to strike from the bill the item of \$200 million which is provided for the President to spend in Asia as he sees fit.

Mr. President, under the law as it now exists, the President has the right to spend \$150 million, and that amount is to be taken from moneys which are available and appropriated for mutual-security programs. The bill seeks to cut the \$150 million to \$50 million, but it restores the \$100 million, in the form a direct appropriation to the President's special fund and the bill also adds another \$200 million to be available for expenditure by the President for economic-aid programs in Asia.

As I stated earlier this afternoon, I attempted to cut the direct forces support authorization, which is the nature of eco-



nomic aid, by \$500 million. My amendment did not carry. The item we are now considering provides for economic aid pure and simple.

I should now like to read excerpts from the committee report regarding the \$200 million fund:

Primarily for projects contributing to economic development of the Asian region as a whole \* \* \*

Not less than 50 percent of the appropriations made to the fund shall be available only for furnishing assistance on a loan basis, and no more than 25 percent of the funds may be allocated for assistance to any one nation.

Among examples of projects for which the fund might be used are regional development of water and mineral resources, transportation, and communications projects, and regional training centers.

It seems to the committee that an investment of \$200 million in the President's discretion for purposes of peaceful economic development in Asia is at least as justified and worthwhile as the earlier investment of much larger sums in the President's discretion for purposes of military assistance and direct forces support.

Mr. President, I have read from excerpts taken from the committee report. I believe, as I stated earlier this afternoon, that there are ample funds provided elsewhere in the bill to take care of such developments as are proposed by the President, without his being allotted the additional sum of \$200 million. To say the least, my amendment seeks to cut a relatively small sum from the bill, and I hope the Senate will vote favorably on it.

The PRESIDING OFFICER. The Senator from Texas is recognized for 5 minutes.

Mr. JOHNSON of Texas. Mr. President, does the Senator from Georgia desire time to speak in opposition to the amendment? If so, I yield him such time as he may desire.

Mr. GEORGE. Mr. President, I shall speak, unless some other Senator desires to speak. May I ask the Senator from Louisiana to what his amendment relates? Does it propose to eliminate the \$200 million special fund?

Mr. ELLENDER. That is all my amendment provides for.

Mr. GEORGE. Mr. President, in the committee we gave to this particular provision a great deal of consideration. It was the earnest desire of most members of the committee that the fund should not be in the form of a blank check, but there was no real opposition to providing the \$200 million.

I should like to say, Mr. President, there are a great many matters it is difficult to explain, because they are not supposed to be talked about, since, if they were, there would be disclosed to an enemy, if there be an enemy, certain information. But, beyond all doubt, the President will be called upon to do a great deal for Japan, and he will be able to do it primarily through this fund.

We have restricted the use of the fund. We have required that at least \$100 million of the total amount be used in the form of loans. Most of the money can be put out on the basis of commercial loans and in the case of Japan they would be good loans.

We have restricted the use of the fund further by providing that not more than 25 percent of the \$200 million shall be either granted or loaned to any one country in the Asian area. Furthermore, the President is required every 6 months to report what he has done with the fund and how it has been used and expended.

There are conditions in the Far East which, when they were explained to the committee in strictly executive session, as they had to be, seemed to the committee to justify the grant of this additional sum of money to be used in the Asian area.

Mr. President, I hope this provision will not be stricken from the bill. I referred to Japan, because I thought that country could be mentioned with a degree of safety; but there are certain other purposes, which I am not at liberty to discuss on the floor of the Senate, for which the fund may be used in the Far East.

I hope the amendment will not be agreed to.

The PRESIDING OFFICER. The Senator from Louisiana has 1 minute remaining to him.

Mr. ELLENDER. Mr. President, I simply wish to say, in answer to my good friend from Georgia, that the \$150 million special fund of the President which is now provided for by transfers from any of the Mutual Security programs could be used, I am sure, to the same extent and for the same purposes as could the \$200 million of direct appropriations provided in the bill.

The PRESIDING OFFICER. All time has been either exhausted or yielded back.

The question is on agreeing to the amendment offered by the Senator from Louisiana [Mr. ELLENDER] on which the yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

Mr. JOHNSON of Texas. I announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from Kentucky [Mr. CLEMENTS], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Tennessee [Mr. GORE], the Senator from Rhode Island [Mr. GREEN], the Senator from Arkansas [Mr. McCLELLAN], and the Senator from Wyoming [Mr. O'MAHONEY] are absent on official business.

The Senator from Massachusetts [Mr. KENNEDY] is necessarily absent.

The Senator from Montana [Mr. MURRAY] is absent by leave of the Senate to attend the International Labor Organization meeting in Geneva, Switzerland.

On this vote the Senator from Kentucky [Mr. CLEMENTS] is paired with the Senator from Nevada [Mr. MALONE]. If present and voting, the Senator from Kentucky would vote "nay" and the Senator from Nevada would vote "yea."

The Senator from Arkansas [Mr. McCLELLAN] is paired with the Senator from Wyoming [Mr. O'MAHONEY]. If present and voting, the Senator from Arkansas would vote "yea" and the Senator from Wyoming would vote "nay."

I further announce that if present and voting, the Senator from Arkansas

[Mr. FULBRIGHT], the Senator from Rhode Island [Mr. GREEN], the Senator from Massachusetts [Mr. KENNEDY], and the Senator from Montana [Mr. MURRAY] would each vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Colorado [Mr. ALLOTT], the Senator from Ohio [Mr. BENDER], and the Senator from Nevada [Mr. MALONE] are absent on official business.

The Senator from South Dakota [Mr. CASE] and the Senator from Kansas [Mr. SCHOEPPEL] are absent by leave of the Senate.

The Senator from Utah [Mr. WATKINS] is absent on official business for the Committee on the Judiciary.

The Senator from New Hampshire [Mr. BRIDGES] is necessarily absent.

If present and voting the Senator from Colorado [Mr. ALLOTT], would vote "nay."

On this vote, the Senator from Nevada [Mr. MALONE] is paired with the Senator from Kentucky [Mr. CLEMENTS]. If present and voting, the Senator from Nevada would vote "yea" and the Senator from Kentucky would vote "nay."

The Senator from Kansas [Mr. SCHOEPPEL] is paired with the Senator from Ohio [Mr. BENDER]. If present and voting, the Senator from Kansas would vote "yea" and the Senator from Ohio would vote "nay."

The result was announced—yeas 17, nays 63, as follows:

#### YEAS—17

Byrd	Hruska	Russell
Curtis	Jenner	Thurmond
Dworschak	Johnston, S. C.	Welker
Eastland	Langer	Williams
Ellender	Long	Young
Goldwater	Mansfield	

#### NAYS—63

Alken	George	Millikin
Anderson	Hayden	Monroney
Barkley	Hennings	Morse
Barrett	Hickenlooper	Mundt
Beall	Hill	Neely
Bennett	Holland	Neuberger
Blble	Humphrey	Pastore
Bricker	Ives	Payne
Bush	Jackson	Potter
Butler	Johnson, Tex.	Purtell
Capehart	Kefauver	Robertson
Carlson	Kerr	Saltonstall
Case, N. J.	Kilgore	Scott
Cotton	Knowland	Smathers
Daniel	Kuchel	Smith, Malne
Dirksen	Lehman	Smith, N. J.
Douglas	Magnuson	Sparkman
Duff	Martin, Iowa	Stennis
Ervin	Martin, Pa.	Symington
Flanders	McCarthy	Thye
Frear	McNamara	Wiley

#### NOT VOTING—16

Allott	Fulbright	Murray
Bender	Gore	O'Mahoney
Bridges	Green	Schoeppe
Case, S. Dak.	Kennedy	Watkins
Chavez	Malone	
Clements	McClellan	

So Mr. ELLENDER's amendment was rejected.

Mr. ELLENDER. Mr. President, I submit an amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER (Mr. STENNIS in the chair). The amendment will be stated.

The LEGISLATIVE CLERK. On page 12, in line 15, it is proposed to strike out "Not less than 50 percent of."

Mr. ELLENDER. Mr. President—



Mr. JOHNSON of Texas. Mr. President, will the Senator from Louisiana yield briefly to me?

Mr. ELLENDER. I yield.

Mr. JOHNSON of Texas. I should like to state, for the information of the Senate, that some four or five amendments remain to be passed upon. I do not anticipate that there will be a yeand-nay vote on more than one of them, and perhaps there will be a yeand-nay vote on the question of final passage of the bill.

So, Mr. President, if we obtain the cooperation of the Members, we should be able to end today's session a little after 8 p. m.

I have an understanding with the Senator from Louisiana that I will yield back all my time on the amendment except for 2 minutes, on the condition that he will do the same.

Mr. ELLENDER. That is acceptable, Mr. President.

The PRESIDING OFFICER. Both sides have agreed to yield back all time available to them, with the exception of 2 minutes each.

Mr. ELLENDER. Mr. President—

The PRESIDING OFFICER. The Senator from Louisiana is recognized for 2 minutes.

Mr. ELLENDER. Let me say that I wish to cooperate with my good friend, the Senator from Texas.

Mr. President, the amendment would strike out of the bill the words "not less than 50 percent of." The amendment affects the \$200 million we have been discussing.

Under the bill, 50 percent of the \$200 million must be made by loan. My amendment will make the entire \$200 million available to the President, provided all of it is handled on a loan basis. That is the object of the amendment, which I submit to the Senate.

Mr. JOHNSON of Texas. Mr. President, I yield 1 minute to the Senator from Georgia [Mr. GEORGE].

The PRESIDING OFFICER. The Senator from Georgia is recognized for 1 minute.

Mr. GEORGE. Mr. President, this amendment would make this fund unavailable for the purposes for which the administration expects to use it in the Far East; in fact the amendment would utterly destroy the fund. We have already restricted 50 percent to loans, but we have left the President with some power to dispose of 50 percent of it to meet emergency conditions.

The PRESIDING OFFICER. All time available on the amendment has either been used or been yielded back.

The question is on agreeing to the amendment of the Senator from Louisiana, on page 12, in line 15.

The amendment was rejected.

Mr. ELLENDER. Mr. President, I submit the amendment which I now send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 7, it is proposed to strike out lines 3 to 12, inclusive, and to redesignate subsections (b) to (k), inclusive, as (a) to (j), respectively.

Mr. JOHNSON of Texas. Mr. President, as agreed to previously, I yield back all but 2 minutes of the time available to me on the amendment, on the condition that the Senator from Louisiana will do likewise.

Mr. ELLENDER. Mr. President, that is agreeable to me.

The PRESIDING OFFICER. All time on the amendment of the Senator from Louisiana has been yielded back, with the exception of 2 minutes for each side.

Mr. ELLENDER. Mr. President—

The PRESIDING OFFICER. The Senator from Louisiana is recognized for 2 minutes.

Mr. ELLENDER. Mr. President, as I indicated awhile ago, in discussing the \$200 million amendment, this amendment will eliminate the \$100 million direct appropriation to the President's special fund which he could use at his discretion.

Under the law as it now stands the President may use up to \$150 million for those purposes he thinks particularly pressing, but he must take this money from other funds provided in the bill. The pending bill would eliminate this transfer authority as to \$100 million of the \$150 million, and make that amount available as new money, appropriated directly to the President.

I hope the Senate will accept the amendment.

Mr. JOHNSON of Texas. Mr. President, does the Senator from Georgia desire to speak?

Mr. GEORGE. I desire only a minute, Mr. President.

Mr. JOHNSON of Texas. I yield 1 minute to the Senator from Georgia.

Mr. GEORGE. Mr. President, within the year the President had to use money which he was able to borrow to hold Iran in being, standing next to Russia, face to face with Russia, and with no means in the world of defending herself. She would have gone to the Communist group if the President had not used a little money. This fund is the only available fund he will have to use in any part of the world, except for transfers.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. GEORGE. I yield.

Mr. ELLENDER. Is it not true that under the law as it now stands—without the benefit of the committee amendment—the President has the use of \$150 million, which he can take from other funds we are now authorizing?

Mr. GEORGE. I think he may take some money from other funds, under certain circumstances.

Mr. ELLENDER. That is the law.

Mr. GEORGE. Yes.

The PRESIDING OFFICER. All time is exhausted or has been yielded back. The question is on agreeing to the amendment offered by the Senator from Louisiana [Mr. ELLENDER].

The amendment was rejected.

Mr. ELLENDER. Mr. President, I ask unanimous consent to have printed in the RECORD at this point a brief statement concerning my amendment.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

President's special fund: Eliminates the \$100 million of authorization for direct appropriation to the President's special fund, and retains provisions of existing law which permit President to transfer from other mutual-security funds, up to \$150 million, to be used by him "without regard to the requirements of this act (Mutual Security Act) or any other act for which funds are authorized by this act, in furtherance of any of the purposes of such acts, when the President determines that such use is important to the security of the United States." Not to exceed \$100 million can be spent on "any selected persons" who are residing in or escapees from behind the Iron Curtain. Up to \$50 million can be spent by the President without vouchers to substantiate the expenditures.

The committee bill would appropriate \$100 million direct to the special fund, and continue the President's authority to transfer funds from other programs, up to the sum of \$50 million.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. ELLENDER. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Louisiana will be stated.

The LEGISLATIVE CLERK. On page 5, it is proposed to strike out lines 5 to 24, inclusive, and renumber the succeeding sections.

Mr. JOHNSON of Texas. Mr. President, I yield back all my time except 2 minutes, if that is agreeable to the Senator from Louisiana.

Mr. ELLENDER. Mr. President, I yield back all my time except 2 minutes.

The PRESIDING OFFICER. All time except 2 minutes on each side is yielded back.

Mr. ELLENDER. Mr. President, I discussed this amendment quite fully earlier in the day. As I stated this afternoon, when the Senate first enacted the technical-aid program some years ago, the Senator from Georgia [Mr. RUSSELL] offered an amendment which was accepted by Senator Connally, who was then chairman of the Foreign Relations Committee, to the effect that under no conditions should any representative of our Government go to a foreign country and propose development schemes, and then promise to assist financially in the development of such schemes.

Since the technical-aid program is worked in conjunction with the development aid provided for in this bill, it lends itself to the very abuse the Senate sought to eliminate by adopting the Russell amendment. We sought to do away with this possibility—a possibility which has now become a reality—that is, that the administrator of the fund might go to a certain country and propose to give financial assistance in connection with any project proposed if the country should sign an agreement for technical assistance. That is the way this fund might be used, and has been used in the past. Let me quote from page 10 of the committee report:

The \$1 million development-assistance program proposed for Nepal this year is intended to supplement a technical-cooperation program and to begin meeting the needs for better transportation and communication



facilities and for development of isolated areas.

This is just one example, Mr. President. I am sure there are more.

I wish to emphasize that I am in full accord with our technical-aid program. But when point 4 is combined with development assistance, as it has been, and will be in the future, it no longer represents a real technical-aid program as envisioned by the Congress.

Mr. President, I ask unanimous consent that a further explanation of the amendment be printed in the RECORD at this point.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

Amendment eliminating \$165 million of development assistance:

The money is broken down as follows:

Asia:	
India .....	\$70,000,000
Nepal .....	1,000,000
Total .....	71,000,000
Near East and Africa .....	173,000,000
Western Hemisphere:	
Bolivia .....	16,000,000
Guatemala .....	5,000,000
Total .....	\$21,000,000

<sup>1</sup> Not allocated by countries.

Uses by countries:

India, \$70 million: Thirty million dollars in surplus agricultural commodities, the local currency proceeds from which will be used for local costs of irrigation, flood control and power projects (p. 9).

Other uses:

Fertilizer .....	\$4,000,000
Deep irrigation wells .....	4,000,000
River valley development to assist in further expansion of irrigation .....	2,000,000
Construction of electric power facilities .....	5,000,000
Steel .....	15,000,000
Transportation, principally rehabilitation of Indian railways ..	6,000,000
Malaria control .....	4,000,000

Nepal, \$1 million: One million dollars will be used to supplement a technical cooperation program and to begin meeting the needs for better transportation and communication facilities and for development of isolated areas (p. 9).

Near East and Africa, \$73 million: "The existing situation in the Near East makes it inadvisable to specify the amounts of development assistance allocated to individual countries in that area" (p. 19).

"In Egypt, program is designed to help the Egyptian Government carry out its overall 10-year, \$2 billion economic development plan which is aimed principally at achieving maximum agricultural production, increasing the amount of arable land, expanding industrial production, and introducing new industries. United States assistance will consist chiefly of equipment for highway construction and port improvement, and construction of grain silos, irrigation pumping stations, and powerplants" (p. 20).

Israel: "Surplus agricultural commodities will account for a large part of the development assistance program, about half of which will probably be on a loan basis. Although Israel has made significant economic progress, and American assistance has been reduced, it is not yet feasible to terminate that assistance" (p. 20).

Lebanon: "The program would concentrate on agricultural development, improvement of village water supplies, and public

roads. A primary object is to encourage local capital formation through reducing the need for expenditures on food imports and through improving transportation facilities. It is contemplated that most of the assistance for Lebanon would be on a loan basis and that part of it would be in the form of commodities" (p. 20).

Syria: "Although the United States has no agreements for either development assistance or technical cooperation in Syria, the bill includes funds for economic aid should Syria desire it in connection with unified planning of the project for utilizing the waters of the Jordan and Yarmuk Rivers. Maximum use of this water for irrigation might prevent full development of its hydroelectric power potential in which case Syria might need external credit for thermal power development" (p. 20).

Bolivia: \$16 million: "The development assistance program for Bolivia for fiscal 1956 includes \$10 million in food and agricultural imports, principally bread grains (\$7 million) and fats and oils (\$2 million), and \$6 million in machinery and vehicles, chiefly agricultural and road-building equipment. Local currency accruing from the sale of the commodities will be used to carry out additional portions of the Bolivian development plan" (p. 21).

Guatemala: "The development assistance authorization in the bill includes \$5 million for Guatemala to be used principally for financing the construction of roads and other public-works projects. These activities will not only alleviate unemployment but should also stimulate economic activity generally by opening up hitherto isolated sections of the country. Part of the money will also be used for completion of Roosevelt Hospital in Guatemala City. The Committee has some doubts that the \$5 million authorization in the bill for Guatemala is sufficient. It is possible, depending upon future developments, that perhaps as much as \$10 million more may be required to help the Castillo Armas liberation government repair the economic damage left by the Communist regime. In this connection, the committee calls attention to the authorization in section 8 (a) of \$100 million for a world-wide contingency fund and urges the administration not to hesitate to use this fund to provide additional assistance to Guatemala, should such action prove necessary" (p. 21-22).

Mr. JOHNSON of Texas. Mr. President, I yield 1 minute to the Senator from Georgia.

Mr. GEORGE. Mr. President, I thought everyone agreed that the technical assistance program was a good program. It frequently happens that we go into a backward country and offer a small amount of money to obtain material in order to carry out the program if the country agrees on a certain project. Only a small amount of money is involved.

The entire technical assistance program is not large. It is really pitifully small when we consider the totals involved.

I hope the amendment will be rejected.

Mr. JOHNSON of Texas. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time is exhausted or yielded back.

The question is on agreeing to the amendment offered by the Senator from Louisiana [Mr. ELLENDER].

The amendment was rejected.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. ELLENDER. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Louisiana will be stated.

The LEGISLATIVE CLERK. On page 9, line 5, it is proposed to strike out "\$65,000,000" and insert \$16,500,000."

Mr. JOHNSON of Texas. Mr. President, if we may have the same understanding as before, I yield back all but 2 minutes.

The PRESIDING OFFICER. All time on either side is yielded back, except for 2 minutes.

Mr. ELLENDER. Mr. President, this amendment seeks to cut from the bill \$48,500,000 from the total authorized to assist in providing new homes for Palestine refugees in Jordan. It was my privilege to visit that place. While I admit that the places where the refugees live are awful, yet we are embarking on a program under which we put up 70 percent of two projects which will cost in excess of \$150 million.

I think we ought to draw the line somewhere—and now is the time to do it. I do not believe we shall ever satisfy the Arabs by building housing in Jordan. What they want, of course, is to return to Palestine. To my way of thinking, it is a waste of funds for us to obligate ourselves to spend as much as 70 percent of the cost of erecting this \$150 million project.

Mr. President, I ask unanimous consent to place in the RECORD at this point a further explanation of the amendment.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

UNITED NATIONS RELIEF AND WORKS AGENCY FOR PALESTINE REFUGEES IN THE NEAR EAST (UNRWA)

Eliminate \$48,500,000 from total authorized for this agency, the amount representing the agency's assessment against the United States for commencing construction in 1956, of permanent rehabilitation centers for Arab refugees.

The agency has budgeted \$61.5 million for these rehabilitation centers in fiscal 1956, of which the United States would contribute \$48.5 million, or 70 percent of the cost.

The Ellender amendment would not touch the \$16.5 million in the bill for the United States' contribution to UNRWA to carry on relief activities in fiscal 1956. The total annual cost to UNRWA is approximately \$25 million, with the United States contribution in 1956 amounting to \$16.5 million, or approximately 60 per cent.

The committee report describes the permanent rehabilitation project as follows: "A permanent solution of the Arab refugee problem can only be found through rehabilitation and resettlement, and the committee has repeatedly expressed its deep concern over the lack of progress in this direction. The committee was therefore encouraged to learn that final negotiations are nearing completion for two large-scale resettlement projects. One of these will provide for 60,000 to 70,000 people in Sinai at an estimated cost of \$50 million. The other is the Jordan River Valley development which will benefit about 150,000 refugees at an estimated cost of 90 million. Both of these projects will take a number of years to complete but the administration is hopeful that a start can be made on them during the course of fiscal 1956, and UNRWA has tentatively budg-



eted \$61.5 million for this purpose. The committee believes that if projects of this character can be brought to fruition, a great contribution will have been made to reducing the tensions that now disturb the area. In view of the great benefits which would flow from such a development, the committee feels the United States contribution here proposed of 70 percent of the total is justified, but at the same time it believes that greater effort might be made to increase worldwide participation in the program" (pp. 31-32).

Mr. JOHNSON of Texas. Mr. President, I yield to the Senator from Georgia such time as he may desire.

Mr. GEORGE. Mr. President, I am sure it would not be wise to cut the very heart out of the refugee program. According to all the reports we receive, this program is just now beginning to become effective. Everyone knows more or less about the problems between Israel and the Arab countries. I certainly hope that this refugee program will not be cut. It is purely a housing program, to take care of refugees who have no homes.

Mr. JOHNSON of Texas. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time has been used or yielded back.

The question is on agreeing to the amendment offered by the Senator from Louisiana [Mr. ELLENDER].

The amendment was rejected.

Mr. CAPEHART. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Indiana will be stated.

The LEGISLATIVE CLERK. On page 14, beginning with the word "Provided" in line 25, it is proposed to strike out through the period in line 3 on page 15, and insert in lieu thereof the following:

*Provided*, That until January 1, 1956, notwithstanding the provisions of any other law, the employment of not to exceed 200 persons at rates of basic compensation in excess of the maximum scheduled rate of GS-9 of the Classification Act of 1949, as amended, transferred from the Foreign Operations Administration to any other agency pursuant to Executive order, may be terminated, but this authority shall not be applicable to persons entitled to Veterans' Preference for Federal Government employment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Indiana [Mr. CAPEHART].

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. KNOWLAND. I ask for the yeas and nays on this amendment.

The yeas and nays were ordered.

Mr. KNOWLAND. Mr. President, if the Senator from Indiana will yield further, let me say that I had an amendment designated "6-1-55-A," but in view of the amendment offered by the distinguished Senator from Indiana, I shall not offer my amendment tonight, but will support his amendment.

Mr. CAPEHART. Mr. President, this amendment would authorize a waiver of the civil-service laws with respect to the termination of employment of not to ex-

ceed 200 persons with rates of basic compensation in excess of the maximum scheduled rate of GS-9 of the Classification Act of 1949, as amended, but would not authorize the waiver of veterans' preference laws.

The operations of the FOA are to be transferred to another agency under the State Department. I believe it is only fair and good business practice and good business management to give the head of the new agency the right to terminate the services of at least 200 of approximately 1,500 employees without reference to civil-service laws. The employees of the FOA are not career employees. They have been hired in the past few years. I know many of them. They are all sorts of people. I feel that in the best interest of economy and in the best interest of good management, and in the best interest of Government, we ought to give the new director of the new agency, whoever he may be, the right to reduce his force by 200 employees. I cannot help but feel that that would be the proper procedure to follow.

The administration has asked for this authority. The new director who would head the new FOA-type agency has requested this authority. The administration is in favor of it. It seems to me to be good business to take the action suggested.

I do not wish anyone to say that this proposal has any politics in it, because no politics is involved. I have not the slightest idea what the politics of any of these employees may be. However, I believe we ought to give the new management—and that is what it amounts to—the right to dispense with the services of at least 200 of those now working for FOA. If we are ever to reduce the number of Federal employees, here is an opportunity to do so.

I yield 3 minutes to the Senator from Iowa.

Mr. HICKENLOOPER. Mr. President, I wish to make my position clear. I believe this amendment has great merit. It covers one of the most important elements of the bill, and that is the administration of our foreign operations. All the amendment would do would be to provide that when the new administrator takes over—and we expect that the new agency will be reorganized somewhat under the State Department—he will have an opportunity to dismiss 200 of 1,500 employees who are in excess of the GS-9 classification. It would affect only 200 of 1,500 employees. Those employees are presumed in the top echelon, and it would be their responsibility to carry out the program. As I understand, there are four or five thousand persons in the agency, although I cannot give the exact number.

It is unthinkable to me that an Administrator would be asked to accept a responsibility for a vast undertaking of this kind, operating all over the world, and not be given the right to change or alternate or dismiss even one employee.

I think the amendment is a reasonable one. I call the attention of Senators to the fact that when we took a look at the information program a few years ago we gave the new Administrator of the

new agency the same power over employees above GS-9. No harm was done, but on the contrary, we got a better information program than we ever had before. The new Administrator of the Information Agency was given the opportunity to put some square pegs in square holes and some round pegs in the round holes.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. HICKENLOOPER. I have only 3 minutes. If I have some time left after I have made my statement, I shall be glad to yield. This is not only a reasonable amendment, Mr. President, but I think it is essential for the purpose of giving the Administrator the responsibility, and the right to exercise the responsibility, of selecting at least many of the key personnel in his Agency. It would affect only 200 out of 1,500 whose classification is above GS-9.

If I have any time remaining, I shall be glad to yield to the Senator from Washington.

Mr. MAGNUSON. I wonder whether the Senator from Indiana or the Senator from Iowa would agree, for the purpose of the RECORD, that, if we permitted this change, appointments could be made without regard to political affiliations.

Mr. HICKENLOOPER. Does the Senator ask that question in all seriousness, or is it a facetious question?

Mr. MAGNUSON. I am very serious.

Mr. CAPEHART. I do not understand the question.

Mr. MAGNUSON. I ask whether, regardless of political affiliation, the Agency would then be free to appoint the employees. Can we agree to that?

Mr. CAPEHART. I still do not understand the question. What does the Senator mean?

Mr. MAGNUSON. I am trying to say that I would hope the Agency would appoint at least 50 percent Democrats and 50 percent Republicans.

Mr. CAPEHART. I said a moment ago that I did not have the slightest idea of who these employees are.

Mr. MAGNUSON. The Senator would not object to a few Democrats being put in these jobs, would he?

Mr. CAPEHART. The chances are that they are all Democrats now, because FOA has been in existence for many years. I have no particular objection, though.

Mr. MAGNUSON. I agreed to the last proposal when it was in the Committee on Appropriations, and we made a similar change with reference to the Information Service. However, I have yet to find even one Democrat in that Service or in the State Department.

Mr. HICKENLOOPER. I wish to testify to some personal knowledge on that point. I can assure the Senator that there are plenty of Democrats in the Information Service.

Mr. MAGNUSON. In the State Department?

Mr. HICKENLOOPER. In the Information Service.

Mr. MAGNUSON. This agency will be placed in the State Department.



Mr. HICKENLOOPER. Is the Senator naive enough to believe that the State Department is not filled with Democrats? The overwhelming number of employees in the State Department are Democrats.

Mr. MAGNUSON. I have not known of even one being appointed in this administration. If the Senator will name one Democrat who has been appointed in the State Department by this administration I shall be glad to take back what I have said. I ask the Senator to name one Democrat who has been appointed to the State Department under the Eisenhower administration.

Mr. HICKENLOOPER. I can name dozens of them; but I do not have the names with me.

Mr. MAGNUSON. I am willing to go along, in this instance as I did in the case of the Information Service, when that matter came before the Committee on Appropriations; but I want the RECORD to show that I hope this will not be a political patronage amendment.

Mr. HICKENLOOPER. I am sure it will not be. That was the effect in the case of the Information Service.

Mr. MAGNUSON. That is all I am asking. I do not want to offer an amendment to that effect. I merely wish to get the assurance of the Senator from Iowa and the Senator from Indiana that the amendment, if agreed to, will not operate as a political patronage proposal.

Mr. CAPEHART. I want to say that I was hopeful that politics would not enter into this matter. [Laughter.] It was not intended to be political.

Mr. MAGNUSON. I am not being political. I am asking for a fair share.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. CAPEHART. I will yield myself 1 more minute. Then I shall be glad to yield to other Senators. I should like to say that I was never more sincere in my life than when I offered the amendment. I did not have in mind that the new administrator would discharge or sever from the service Republicans or Democrats. It never entered my mind that he would hire either Democrats or Republicans. It did enter my mind that he ought to have the right to get rid of deadwood or employees he does not need or who are inefficient. My observation has been—and I think it has been fairly extensive—that most of those who work for FOA never have been political and have never held political jobs. They come from business and from universities all over the United States. Most of them do not even know whether they are Republicans or Democrats. That has been my observation of the people who work in that agency. Some Senators may feel that this amendment is political, but I certainly do not think so. If I had had that thought, or if I had thought that the administration was asking for this amendment in order to make it political, I would not have offered it. I do not think it is political at all. I yield to the Senator from North Dakota.

Mr. LANGER. Mr. President, will the distinguished Senator from Indiana give me assurances that at least one employee will be appointed from North Dakota? [Laughter.]

Mr. KNOWLAND. Mr. President, will the Senator from Indiana yield for an insertion in the RECORD at this point.

Mr. CAPEHART. I yield.

Mr. KNOWLAND. Mr. President, I ask unanimous consent to have printed in the body of the RECORD a copy of a letter addressed to the Senator from Georgia [Mr. GEORGE] by John Foster Dulles, Secretary of State, who supported language similar to that which I was going to offer in the form of an amendment.

The amendment which I had intended to offer and which lies at the desk, as the distinguished Senator from Iowa has pointed out, would have provided authority in the new Agency to terminate the employment of up to 1,500 employees. When the distinguished Senator from Indiana said he felt it would be a more reasonable request that the employment of not more than 200 could be terminated by the Administrator, if the Administrator felt it was necessary to do so for the proper administration of his Agency, I thought, frankly, that that kind of amendment would be accepted by the committee, particularly because the original language suggested by the State Department had been stricken in committee by a rather close vote, and I was still hopeful that perhaps the distinguished chairman of the committee would be able to accept the amendment offered by the Senator from Indiana.

Mr. President, I ask unanimous consent that both the letter I have referred to and the text of my proposed amendment be printed in the RECORD, at this point.

There being no objection, the letter and the amendment were ordered to be printed in the RECORD, as follows:

MAY 18, 1955.

The Honorable WALTER F. GEORGE,  
*United States Senate.*

DEAR SENATOR GEORGE: I am advised that in your committee hearings of the mutual security bill for the next fiscal year certain questions have been raised, or will be raised, concerning the administration of the mutual security program for fiscal year 1956, pursuant to the recent Executive order of the President and his letter to me of April 15, 1955. As you know, the President's decision involves the continuation of the essential functions of the FOA through transfer of those functions to the Department of State and the Department of Defense. It is the purpose of this letter to outline to your committee what is intended with regard to the future administration of the International Cooperation Administration, in order that your committee may have a basis for its decisions respecting certain provisions of the proposed legislation, including the provision for administrative expenses and the provision involving the transfer of personnel from the FOA.

As I said in my opening statement to the committee on May 5, I feel that the way in which these programs have been administered under FOA has been admirable. I expressed the hope that when the functions are transferred to the State Department we can carry on with equal effectiveness.

It is my belief, which is shared by the President's nominee for Director of the International Cooperation Administration, Mr. John B. Hollister, that the present internal organization of FOA should be studied carefully before any changes are made in it. In

view of the importance of the programs which the International Cooperation Administration will be responsible for executing, nothing should be done which might weaken the effectiveness of that Administration. It is possible that as the result of consolidations, eliminations, and personnel reductions certain savings can be realized. It is, however, impossible at this time to estimate what the extent of such savings might be or even to indicate plans for consolidation, elimination, or personnel reduction. No reliable blueprint can be made prior to further study of the operation of the program in its new relationship to the Department of State.

From this it follows that the estimate of administrative expenses for fiscal year 1956 contained in the legislation before you is, in my judgment, a sound approximation. The estimate was prepared by the FOA and represents an amount judged necessary to administer the program presented in the President's message of April 20, 1955. In the circumstances it seems to me that reliance should be placed upon Governor Stassen's judgment in this respect. As you know, funds under the bill will be appropriated to the President, and the division of administrative funds will follow the division of functions, including additional operating functions in the Department of Defense.

Section 525 authorizes the Administrator to terminate the services of employees grade GS-9 and above without regard to certain aspects of present law. The purpose of this section is to avoid widespread disorganization within the ICA should a reduction in force become necessary. This provision seems essential if the Administrator is to maintain an efficient organization with sufficient flexibility to take full advantage of its new relationship to the Department of State.

Two years ago the American personnel of the Department of State and Foreign Service were reduced by 13 percent, some 1,400 people. The process of the reduction resulted, however, in approximately 5,600 people being affected. For every person terminated three others were transferred between units, downgraded, or transferred between posts overseas. For example, an economist in Singapore might bump an economist in London who had a secondary skill in accounting and thus might bump a fiscal officer in Brazil. This process went on for 10 months before reduction was complete. The morale of all employees was affected, none of whom were immune from its effect, regardless of ability. The actual cost to the Government to accomplish the reduction, \$3.8 million, was almost a half year's salary of the personnel it was necessary to terminate.

The FOA is composed of numerous small units of specialized personnel located not only in Washington, but in 60 foreign posts. Regular RIF procedures make little allowance for their individual abilities or for their background experience outside of Government. These procedures are much more disruptive to an organization of this character than to one which employs large numbers of employees in each of a more limited number of fields.

It is intended in seeking this authority to avoid the sustained disruption of an organization whose continued efficient functioning is of vital importance to the accomplishment of United States foreign policy. It would not be used in a manner which would override the basic principles of maintaining skilled, experienced, and efficient personnel in the International Cooperation Administration.

Sincerely yours,

JOHN FOSTER DULLES.

AMENDMENT INTENDED TO BE PROPOSED BY  
MR. KNOWLAND

On page 14, line 25, strike out all after the word "Provided," through the word



"Preference" on page 15, line 3, and insert in lieu thereof the following language:

"That until January 1, 1956, notwithstanding the provisions of any other law, the employment of any person at a rate of basic compensation in excess of the maximum scheduled rate of GS-9 of the Classification Act of 1949, as amended, transferred from the Foreign Operations Administration to any other agency pursuant to Executive order, may be terminated, but this authority shall not be applicable to any person entitled to veterans' preference for Federal Government employment."

Mr. CAPEHART. Mr. President, I yield a minute to the Senator from Vermont [Mr. AIKEN].

Mr. AIKEN. Mr. President, I am supporting the amendment offered by the Senator from Indiana, because I think we should turn the functions of the mutual security program over to the armed services and the State Department in as good and clean a condition as may be possible. I am sorry that politics has been injected into the question, although I might have assumed it would be. I think most of the persons working for the FOA are probably neither strongly Republicans nor Democrats. However, there are a few square pegs in round holes; there are undoubtedly a few misfit characters without whom, perhaps, the armed services and the State Department would be better off. The new Administrator should have the right to clean up the outfit before undertaking to make it operate.

The Senator from Washington [Mr. MAGNUSON] asked if any Senator on this side of the aisle knew of a Democrat who had been hired by Mr. Stassen during the past 2 years. I should like to ask the Senator from Washington if he knows of any Republican who has been hired within the past 2 years. Many of the employees have no strong political affiliations whatever.

Mr. MAGNUSON. Mr. President, I am not trying to be facetious or political in connection with the matter at all. I know that last year we did the same thing in the case of the Information Service. I know that during the previous Democratic administrations we tried to put into the State Department, in the Information Service, as many competent persons as it might be possible to secure. The present administration has tried to clean out some square pegs from round holes. I agree with the Senator about that. But I have yet to see it take into the policymaking groups members of the opposite political party, as was done during the Democratic administration.

I merely express the hope that if we adopt this amendment it will be entirely agreeable to Senators on the other side of the aisle that the appointees will not necessarily be cleared by the Republican National Committee.

Mr. AIKEN. If the amendment is adopted, I hope that the most competent persons will be kept, regardless of party affiliations.

Mr. CAPEHART. Mr. President, I yield back my time.

Mr. JOHNSON of Texas. Mr. President, the Senator from Indiana has some 12 minutes remaining. If it is

agreeable, I will yield back all my time except 12 minutes, if he yields back his time.

Mr. CAPEHART. I should like to keep about 2 minutes, if there is any Senator who wishes to speak. If not, I yield back the remainder of my time.

Mr. JOHNSON of Texas. Mr. President, I yield back all but 12 minutes.

Mr. CAPEHART. I thought we were going to vote. Under the circumstances, I reserve 2 minutes.

Mr. JOHNSON of Texas. I yield to the Senator from Montana [Mr. MANSFIELD], 5 minutes.

The PRESIDING OFFICER. The Senator from Indiana reserves 2 minutes.

The Senator from Montana is recognized for 5 minutes.

Mr. MANSFIELD. Mr. President, this amendment is an insult to Mr. Stassen who has come before the committee and told us he has reduced personnel in the almost 2½ years in which he has been Administrator of the FOA and of its predecessor, the Mutual Security Agency, to the extent of 30 percent.

I think the new administration, which has been in power for almost 2½ years, has had plenty of time to weed out deadwood. I am not going to be so naive as is the Senator from Indiana and say I do not think there is politics involved in the amendment, because there is. What the Republicans want is jobs.

The amendment to the mutual-security bill now under discussion, would empower a department head to summarily dismiss 200 employees of FOA without veterans' preference in grades GS-10 and above who are transferred. This is clearly an unwarranted invasion of the integrity of the civil-service program.

Mr. CAPEHART. Mr. President, will the Senator from Montana yield?

Mr. MANSFIELD. I shall be glad to yield when I have finished my statement.

There is no existing justification for such blanket disregard for the normal civil service rights of Federal employees. The purpose can only be to permit the administration to replace personnel with new employees cleared by the Republican National Committee. The grades involved are not limited to policy positions. They go down sufficiently low that they would apply to ordinary routine staff employees without any policy-determining functions.

The first time a provision similar to this appeared in Federal law was in the State and Commerce appropriation bill for fiscal 1951. Senator McCARRAN proposed an amendment which permitted termination of employment in these Departments regardless of civil service or veterans preference laws when found to be in the best interests of the United States. This power was considered necessary because of the national security situation and no other authority existed for summary dismissals in such situations.

In 1953 the President issued Executive Order 10450, April 27. Under this order the Departments and agencies have full power to dismiss employees under certain circumstances when required by

national security interests. Since this time there has been no justification whatsoever for such blanket authority as is now requested.

In 1953 an effort was made again to insert this termination authority in the State-Justice-Commerce appropriation bills. Since the right to fire veterans was included, the veterans organizations immediately protested vigorously and pointed out that the power was no longer needed since the issuance of Executive Order 10450. On a rollcall vote the effort was defeated. This year the attempt is changed. Veterans are to be excluded—obviously in order to avoid the powerful interference of veterans organizations. In addition, the authority to dismiss is not even conditioned by the customary limitation that it must be in the best interests of the United States. This attempt to destroy the proper protections of the civil-service system for relatively low-level Federal employees should be defeated. It is a patently unnecessary and partisan project.

Mr. JOHNSON of Texas. Mr. President, I yield to the Senator from Minnesota [Mr. HUMPHREY] 5 minutes.

Mr. HUMPHREY. Mr. President, I think the logical argument in rebuttal to the argument made by the Senator from Indiana the Senator from Iowa, and the Senator from Vermont has already been made; but I feel that the Record should be clear.

The amendment offered by the Senator from Indiana does not provide for the reduction of personnel in the Foreign Operations Administration. There were those who listened and who heard words to the effect that the proposal would reduce—and I took down the exact words—would reduce the number by 200. Not at all. What it will do will be to prepare the way for the dismissal of 200 persons who have been trained at Government expense, for whose training the Government has spent thousands upon thousands of dollars, and to open up those 200 positions and make 200 jobs available for Republicans. That is exactly what it will do.

If Senators wish to call the amendment what it really is, then let us say that it is a part of a full employment program for the precinct organizations of the Republican Party. That is exactly what the amendment amounts to. There is no use trying to disguise the proposal at all.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. JOHNSTON of South Carolina. At the same time, will it not throw fear into 1,500 persons, all of whom will believe that they will be dismissed?

Mr. HUMPHREY. I say to my good friend from South Carolina that the amendment certainly offers that possibility.

I feel that the Senator from Indiana is much more charitable in a bipartisan way than was the State Department. I wish the State Department would recognize today that the bill which they favor, the administration bill, which has had to be defended on the floor, has had



more support from this side of the aisle than from the other side.

I wish the State Department would be a little more charitable when it comes to the matter of preserving the merit system and the civil-service system in the operation of the law.

If it is desired to have a bipartisan foreign policy—and that is a wish I heard expressed day after day from the White House and the Secretary of State—then let bipartisanship be taken out of the personnel administration of the policy.

This is a blatant, open attempt to try to provide the Foreign Operations Administration, under a new Administrator—who, by the way, is a known Republican, having a record of not too much sympathy toward even the objectives of the program—an opportunity to give 200 top jobs to the new Administrator.

I agree with what the junior Senator from Montana has said. If Mr. Stassen, President Eisenhower, and Secretary Dulles, along with all the corps of assistants of the White House and the State Department, have not been able for 2½ years—almost 3 years—to clear out the so-called square pegs in round holes, or vice versa, there is no use trying to patch up the situation now. If they have not been able to do the job which was necessary to be done to get rid of those who are “unfit and undesirable,” then I say it is hopeless to try to give them additional authority.

What we should do is to stand up and protect the civil service, veterans' preference, and merit system. Any policy job can be filled under schedule C as an outright political appointment. Every Senator knows that to be so. Furthermore, any incompetent person can be dismissed. Furthermore, as the Senator from Montana has pointed out, any employee who is declared to be unfit or undesirable in terms of the national security can be summarily dismissed without a hearing.

Moreover, I might point out, quite candidly, that the administrative expenses provided for in this bill do not contemplate any reduction in force. For the administrative cost of operation of the FOA the bill provides some \$400,000 more this year for employment than was provided last year.

So it is pretty obvious, I may say to my friends who wish to get economy into the bill, that no economy is provided in terms of personnel administration. Four hundred thousand dollars more is provided for administrative costs. I submit that no Member present can prove that the employment rolls will be reduced by one person. What will be done will be to discharge trained personnel and to bring in more of Operation Reindeer. Trained personnel in the field, persons who have traveled around in their work on the program, will be discharged. They will be replaced by persons who will say, “My! I would like to see Washington,” or maybe Iraq, or maybe India, and maybe Afghanistan.

I honestly feel it is about time that the trained, experienced talent was used. If it has not been possible to train a

cadre of competent public officials since the beginning of the mutual security program, the program ought to be stopped now. This is not the time to interfere with the integrity of the service which has made this program possible.

Mr. President, that is all I have to say. I think we ought to set a good example by protecting the integrity of the civil service merit system of our Government.

Mr. CAPEHART. Mr. President, the Senator from Minnesota, in my opinion, was never more wrong in his life. The amendment does not affect veterans' preference, in spite of the fact that there has been an intimation by at least two able Senators that it does. They know that the question of veterans' preference is not affected at all.

There is not a single Senator who does not know that good business practice dictates that when the Foreign Operations Administration is transferred to the Military Establishment and to the Secretary of State, not nearly so many employees will be needed. Good business dictates such a policy to each and every one of us, regardless of how we may feel politically. All that is sought to be done in this instance is to give the head of the Department the right to reduce the personnel by not less than 200, without reference to the civil service.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. BARKLEY. Does not the Department already have the right to dismiss any surplus employees?

Mr. CAPEHART. It does not, if the employees are under Civil Service.

Mr. BARKLEY. It is my understanding that if a department has more employees than it needs, it can dismiss them.

Mr. CAPEHART. Not under Civil Service. In other words, what is sought to be done is to get some efficiency in government, and to reduce personnel and expenses.

I again wish to say that when I offered the amendment, I had no idea that a political football would be made of it, as has been done today.

Mr. JOHNSON of Texas. Mr. President, I yield so much of the remaining time as he may desire to the distinguished chairman of the Committee on Foreign Relations.

Mr. GEORGE. Mr. President, I do not desire to take much time to discuss the amendment. It was considered very thoroughly in the committee. I do not remember the exact vote by which the provision was stricken from the bill, but substantially this amendment was eliminated from the bill by a vote of 7 to 4, according to my recollection.

The amendment would not reduce the number of persons employed in the agency. The Senator from Minnesota [Mr. HUMPHREY] is quite correct when he points out that the actual administrative cost or overhead cost will be greater under the bill this year than it was last year. According to Governor Stassen's statement to us, there have been reductions in force of about 30 per-

cent during the 2 or 2½ years in which he has been connected with the organization.

The amendment would not reduce the number of employees. It would not cut down or save expense. It would do but one thing, in the opinion of the committee, and that is to shake the confidence of persons in the civil service in the integrity of that service, because certainly the amendment, if adopted, would be a morale shaker, whereas that would not be the case if the integrity of the civil service system were preserved by the rejection of the amendment. Therefore, I hope the amendment will be defeated.

SEVERAL SENATORS. Vote! Vote!

The PRESIDING OFFICER. All time has expired. The question is on agreeing to the amendment offered by the Senator from Indiana [Mr. CAPEHART]. The yeas and nays having been ordered, the clerk will call the roll.

The legislative clerk called the roll.

Mr. JOHNSON of Texas. I announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from Kentucky [Mr. CLEMENTS], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Tennessee [Mr. GORE], the Senator from Rhode Island [Mr. GREEN], the Senator from Arkansas [Mr. McCLELLAN], and the Senator from Wyoming [Mr. O'MAHONEY] are absent on official business.

The Senator from Massachusetts [Mr. KENNEDY] is necessarily absent.

The Senator from Montana [Mr. MURRAY] is absent by leave of the Senate to attend the International Labor Organization meeting in Geneva, Switzerland.

On this vote, the Senator from Kentucky [Mr. CLEMENTS] is paired with the Senator from Nevada [Mr. MALONE]. If present and voting, the Senator from Kentucky would vote “nay” and the Senator from Nevada would vote “yea.”

I further announce that if present and voting the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Rhode Island [Mr. GREEN], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Montana [Mr. MURRAY], and the Senator from Wyoming [Mr. O'MAHONEY] would each vote “nay.”

Mr. SALTONSTALL. I announce that the Senator from Colorado [Mr. ALLOTT], the Senator from Ohio [Mr. BENDER], and the Senator from Nevada [Mr. MALONE] are absent on official business.

The Senator from South Dakota [Mr. CASE] and the Senator from Kansas [Mr. SCHOEPP] are absent by leave of the Senate.

The Senator from Utah [Mr. WATKINS] is absent on official business for the Committee on the Judiciary.

The Senator from New Hampshire [Mr. BRIDGES] is necessarily absent.

If present and voting, the Senator from Colorado [Mr. ALLOTT], the Senator from Ohio [Mr. BENDER], and the Senator from South Dakota [Mr. CASE] would each vote “yea.”

On this vote, the Senator from Nevada [Mr. MALONE] is paired with the Senator from Kentucky [Mr. CLEMENTS]. If present and voting, the Senator from Nevada would vote “yea,” and the Senator from Kentucky would vote “nay.”



The Senator from Kansas [Mr. SCHOEPPEL] is paired with the Senator from Alabama [Mr. SPARKMAN]. If present and voting, the Senator from Kansas would vote "yea," and the Senator from Alabama would vote "nay."

The result was announced—yeas 40, nays 40, as follows:

## YEAS—40

Aiken	Dworshak	Mundt
Barrett	Flanders	Payne
Beall	Goldwater	Potter
Bennett	Hickenlooper	Purtell
Bricker	Hruska	Saltonstall
Bush	Ives	Smith, Maine
Butler	Jenner	Smith, N. J.
Capehart	Knowland	Thye
Carlson	Kuchel	Welker
Case, N. J.	Langer	Wiley
Cotton	Martin, Iowa	Williams
Curtis	Martin, Pa.	Young
Dirksen	McCarthy	
Duff	Millikin	

## NAYS—40

Anderson	Holland	Morse
Barkley	Humphrey	Neely
Bible	Jackson	Neuberger
Byrd	Johnson, Tex.	Pastore
Daniel	Johnston, S. C.	Robertson
Douglas	Kefauver	Russell
Eastland	Kerr	Scott
Ellender	Kilgore	Smathers
Ervin	Lehman	Sparkman
Frear	Long	Stennis
George	Magnuson	Symington
Hayden	Mansfield	Thurmond
Hennings	McNamara	
Hill	Monroney	

## NOT VOTING—16

Allott	Fulbright	Murray
Bender	Gore	O'Mahoney
Bridges	Green	Schoeppel
Case, S. Dak.	Kennedy	Watkins
Chavez	Malone	
Clements	McClellan	

The PRESIDING OFFICER. On this vote the yeas are 40 and the nays are 40. So, the amendment is rejected.

The bill is open to further amendment.

Mr. MUNDT. Mr. President, I have an amendment at the desk, which I ask to have read.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 7, it is proposed to strike out lines 13 and 14 and insert the following:

(b) In section 402, after the word "used" in the first sentence, insert "during the fiscal year 1955, and not less than \$300 million shall be used during the fiscal year 1956,".

The PRESIDING OFFICER. The Senator from South Dakota.

Mr. MUNDT. Mr. President, I hope to be very brief. I have been joined in offering the amendment by the junior Senator from North Dakota [Mr. Young] and the junior Senator from Minnesota [Mr. HUMPHREY].

The amendment will reiterate the position expressed a year ago by the Senate, when it adopted an amendment providing that not less than \$350 million of these funds shall be used for the disposal abroad of surplus agricultural products and products made therefrom.

I wish to commend the FOA for a very good job which has been done this year in that regard. They not only fulfilled the mandate of the Senate and of the Congress, but they have actually spent \$374 million, or allocated \$374 million, of these funds in that manner; and it is planned to have \$381 million of them allocated in this manner by the end of the fiscal year.

I have had a talk with the chairman of the Foreign Relations Committee, and I believe it is agreeable to him to have adopted this language which calls for \$300 million of the funds in the coming fiscal year to be used for the disposal of surplus agricultural products.

Mr. GEORGE. Mr. President, I understand that this amendment will not increase the total authorizations carried by the bill.

Mr. MUNDT. It will not.

Mr. GEORGE. Mr. President, the effect of the amendment is to utilize \$350 million for the exportation of surplus farm commodities. The amendment is agreeable to the chairman of the committee; and if I have a right to do so, I shall be glad to accept the amendment.

Mr. MUNDT. Mr. President, I certainly have no desire to make a speech; I desire only to have my amendment adopted. This bill is based on the concept that the United States should help others to help themselves. My amendment carries this concept one step forward by doing something helpful for American agriculture, thus helping ourselves to help others to help themselves. American agriculture needs this added shot in the arm and our friends can use our foods and fabrics abroad quite as well as they can use our money.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from South Dakota.

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. MAGNUSON obtained the floor.

#### AUTHORIZATION FOR APPROPRIATIONS COMMITTEE TO REPORT BILLS AND FILE NOTICES OF MOTIONS DURING RECESS OF THE SENATE

Mr. JOHNSON of Texas. Mr. President, will the Senator from Washington yield briefly to me?

Mr. MAGNUSON. I yield.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the Appropriations Committee may be authorized to report bills and file notices of motions to suspend the rule during the recess of the Senate, following today's session.

The PRESIDING OFFICER. Is there objection?

Mr. JENNER. Mr. President, what was the request?

The PRESIDING OFFICER. It is requested by the Senator from Texas that the Appropriations Committee may be authorized to report bills and file notices of motions to suspend the rule during the recess of the Senate.

Is there objection to the request of the Senator from Texas? The Chair hears none. Without objection, it is so ordered.

#### MUTUAL SECURITY ACT OF 1955

The Senate resumed the consideration of the bill (S. 2090) to amend the Mutual Security Act of 1954, and for other purposes.

Mr. MAGNUSON. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 4, line 2, it is proposed to strike out "subsection" and insert in lieu thereof "subsections."

On page 4, line 14, it is proposed to strike out the quotation mark.

On page 4, between lines 14 and 15, it is proposed to insert the following new subsection:

(d) In providing assistance in the procurement of commodities in the United States, United States dollars shall be made available for marine insurance on such commodities where such insurance is placed on a competitive basis in accordance with normal trade practice prevailing prior to the outbreak of World War II: *Provided*, That in the event a participating country, by statute, decree, rule, or regulation, discriminates against any marine insurance company authorized to do business in any State of the United States, then commodities purchased with funds provided hereunder and destined for such country shall be insured in the United States against marine risk with a company or companies authorized to do a marine insurance business in any State of the United States.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Washington.

The Senator from Washington is recognized.

Mr. JOHNSON of Texas. Mr. President, will the Senator from Washington yield to me?

Mr. MAGNUSON. I yield.

Mr. JOHNSON of Texas. I desire to make a brief announcement. I hope all Senators will remain in the Chamber, for there are only two more minor amendments to be acted upon, and then we shall have the yeas-and-nays vote on the question of the final passage of the bill.

Mr. MAGNUSON. Mr. President—

Mr. GEORGE. Mr. President, will the Senator from Washington yield to me?

Mr. MAGNUSON. I yield.

Mr. GEORGE. Let me say that I shall be glad to accept the amendment, insofar as I have a right to do so as chairman of the committee, and to take the amendment to conference, where the matter can be examined. The amendment will not add in any way to the expense or cost of the bill, as I understand.

Mr. MAGNUSON. Mr. President, I should like to state only one sentence in regard to the amendment: It is the hope of those of us who propose the amendment that the Senate will make it permissive to allow the American marine insurance companies to participate and to bid. I hope that in conference the conferees will agree to include this language, which is proposed in order to achieve that goal.

Mr. President, I ask unanimous consent that a statement explaining the amendment may be printed at this point in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

#### STATEMENT BY SENATOR MAGNUSON

I am offering an amendment to the Mutual Security bill now before us in hope of



providing for our American marine insurance companies the right to compete on equal basis with foreign insurance companies for the business of insuring foreign-aid shipments.

Under the law as it is now interpreted by the officials of our mutual aid organization dollars are not allocated for payment of marine insurance on foreign-aid shipments unless they are requested by the recipient country. American insurance agencies have tried unsuccessfully to get a fair share of this business but because of discrimination against them by the recipient countries in favor of their own companies, they have failed in their efforts.

This has deprived the American marine insurance market from opportunity to compete for some of this business and the Mutual Security organization has refused their request to change the regulations so that dollars will be available to pay the insurance premiums to Americans.

There seems to be no other recourse left except to include in this legislation a provision that dollars shall be made available for marine insurance on commodities shipped where the insurance is placed on a competitive basis in accordance with normal practices prevailing before World War II.

I am, therefore, offering the amendment which also provides that where a participating country by statute, decree, rule or regulation discriminates against any marine insurance company licensed to do business in the United States the commodities purchased with funds advanced under the program shall be insured in the United States against marine risks with a company authorized to do business in the United States.

It seems only fair that our marine insurance companies be given the same right to bid on the insurance on foreign-aid shipments as companies from other parts of the world enjoy.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Washington.

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. SMATHERS. Mr. President, I offer and send to the desk an amendment proposed by me, on behalf of myself, the Senator from Oregon [Mr. MORSE] and the senior Senator from Indiana [Mr. CAPEHART]. I ask that the amendment be stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 5, in line 18, it is proposed to strike out "\$21,000,000" and to insert in lieu thereof "\$38,000,000."

Mr. SMATHERS. Mr. President, I have discussed the amendment with the able chairman of the Foreign Relations Committee and with other members of the committee. It is my understanding that they have no objection to the amendment. It is designed to change the flow of funds from the contingency fund into a specific development assistance authorization for Bolivia, Guatemala, and Haiti, where today emergency conditions exist. It is essential that a specific authorization for these areas be made, rather than having to rely on the contingency fund which may or may not be available. There is a definite need for a specific additional authorization of \$10 million for Guatemala and \$4 million for Bolivia, as well as an authorization of \$3 million for Haiti to enable

those countries to cope with the existing emergency conditions. The amendment merely makes it definite that these funds are to be used for these three countries of Latin America, so that it will not be necessary to rely contingency fund under the bill.

Mr. GEORGE. Mr. President, will the Senator from Florida yield to me?

Mr. SMATHERS. I yield.

Mr. GEORGE. I desire to state that I will accept the amendment. I am sure that out of other funds, funds in slightly increased amounts will be provided for the three countries in question.

But if the amendment is agreed to, it will become certain that no contingency under which they would not get some slight increases will arise.

The increased amount would go to Bolivia, Guatemala, and Haiti, which have suffered very severe storm damage within the past few months.

The PRESIDING OFFICER. The question is on agreeing to the amendment submitted by the Senator from Florida, on behalf of himself, the Senator from Oregon, and the Senator from Indiana.

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. ELLENDER. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 15, line 24, it is proposed to strike out "section" and insert "sections."

On page 16, after line 15, it is proposed to insert the following:

SEC. 549. Statement of congressional policy: It is the sense of the Congress that inasmuch as—

(1) the United States, through mutual-security programs, has made substantial contributions to the economic recovery and rehabilitation of the nations of Western Europe;

(2) due in part to those programs, it has been possible for such nations to achieve complete economic recovery and to regain their military strength; and

(3) certain other friendly nations of the world remain in need of assistance in order that they may defend themselves against aggression and contribute to the security of the free world—

those nations that have been assisted in their recovery should, in the future, share with the United States the financial burden of providing aid to those countries which are still in need of assistance of the type provided under this act.

The PRESIDING OFFICER. The Senator from Louisiana is recognized.

Mr. GEORGE. Mr. President, if the Senator from Louisiana will yield to me—

Mr. ELLENDER. I yield.

Mr. GEORGE. Let me say that I am sure the amendment is not objectionable. It merely calls upon the countries which, through our aid programs, have gotten on their feet, to participate with us in our efforts to be of service to Asian countries.

Mr. ELLENDER. Yes; that is the purpose of the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amend-

ment of the Senator from Louisiana [Mr. ELLENDER].

The amendment was agreed to.

Mr. ELLENDER. Mr. President, I ask unanimous consent to have printed at this point in the RECORD an explanation of the amendment.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

#### STATEMENT BY SENATOR ELLENDER

The amendment I have just offered does not affect the funds in this bill; it pertains only to the bill's philosophy, its approach, if you please. This amendment only states that it is the sense of the Congress that the administration of this program—which concerns the mutual safety of the entire free world—should be a cooperative program, with our allies assisting the United States in extending a helping hand to those less fortunate than ourselves.

We have seen the Marshall plan come to an end; today, Europe is well and prosperous. Now, it is time for our European allies to join forces with the United States in building an even stronger shield against Communist infiltration of underdeveloped countries.

I do not believe this is a selfish attitude for us to take. The title of the bill now before us is "The Mutual Security Act of 1955." The emphasis is not on security alone, but upon mutual security. The programs it authorizes are advanced as being beneficial not only to the United States, but to all nations of the free world. The expenditure of funds for development assistance, defense support, direct forces support, and technical assistance (as well as direct military aid) has been advanced as necessary not only to the security of the United States of America, but to the security of France, Britain, Belgium, the Netherlands, Italy, and other members of the community of free nations. Since this is a mutually advantageous program, the burdens of financing it should be spread among all those nations which it seeks to benefit. Let me add that this includes the direct beneficiaries of our bounty, as well as others.

I cannot urge the Senate too strongly to accept this amendment and embody in this legislation the philosophy I have just outlined. I frankly feel that such action is long overdue, but merely because we have failed to so act in the past is no reason for our failing to act today.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. DOUGLAS. Mr. President, I ask unanimous consent to have printed at this point in the RECORD a statement I have prepared.

The PRESIDING OFFICER. Is there objection?

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

#### STATEMENT BY SENATOR DOUGLAS

I am glad to see that the Senate Foreign Relations Committee has approved authorizations for development assistance in the Near East, Africa, and Asia. I hope that these authorizations will be approved in this Chamber. There has been a regrettable tendency to disparage and minimize the importance and value of these development assistance programs. But as I pointed out in the Senate in a longer speech on April 1 of this year, the record will show that our economic aid to countries that have needed it has strengthened and stabilized their economies, toughened their resistance to communism and enlarged the area of free world friendship.



There is now an increasing volume of evidence showing the effectiveness of these programs. There is an excellent example in the case of Israel, to which I wish to refer in a little more detail today. The testimony and the evidence furnished to the Senate Foreign Relations Committee show how American aid has helped that little country to make substantial progress toward economic independence. I point to this record with some satisfaction because 4 years ago, I took the initiative in introducing legislation to grant Israel financial assistance. Up until 1951, Israel was not included in our overseas assistance programs, although she was struggling against very great odds to establish her economy and at the same time to receive and resettle more than 600,000 Jewish refugees who poured into the country from all parts of the globe in the first 3 years of its existence.

I was joined in that legislation by the late Senator Robert A. Taft, the distinguished Republican floor leader, and by 34 other Members of this body. Senator Taft and I differed on many issues, but here we were in agreement. Both of us felt that the entire foreign aid program was too large at that time and had to be reduced for the economic safety of our own country. At the same time both of us felt that the Department of State had not responded adequately to Israel's appeal for help. A majority of the Congress agreed on this issue. The facts confirmed our judgment. In that year more than 200,000 immigrants entered Israel. There was a scarcity of everything that was needed to keep these new immigrants alive. They were unable to produce enough for their own needs, they had little left for export, and they lacked the dollars to buy the barest necessities of life. Israel's trade deficit that year was well over \$300 million.

The Congress helped Israel in a concrete way in the 1952 MSA appropriation. We gave her \$65 million. It was a small part of what she needed, but it literally saved her from utter financial chaos.

Some Members of the Senate were skeptical about our program that year. They had the friendliest attitude toward the people of Israel, but they were afraid that Israel could never be on a sound, self-sustaining basis. The question was put to me in the hearings before the Senate Foreign Relations Committee and I replied:

"There are some who think that they could not develop a sufficient agricultural and industrial base. My point is that they have made a very plucky try so far and that they ought to be given a chance and that they have a very good prospect of making a success of this."

The record in succeeding years shows that this optimism was justified. In the following year the State Department took a more realistic view of Israel's tremendous needs, and without any prompting from the legislative branch recommended a \$72.8 million authorization, which was granted.

Israel made good use of this money. It has absorbed most of the refugees and many of them are now self-supporting. It has expanded its agricultural and industrial plant and it is producing an increasing share of the food for its table and its every-day needs for clothing and shelter. Imports have been coming down and exports have been rising.

If I may be permitted to cite economic data furnished by the administration—I would like to quote from the President's report on the MSP for the period ending December 31, 1954. He informed Congress:

"The Israeli government's program to stabilize its foreign exchange and debt position produced measurable results by the end of 1954. The upward swing in its external indebtedness was brought to a halt, and much of its short-term debt was successfully refunded. Increased industrial and agricultural production brought a substantial rise

in export revenues and assisted the drive to reduce import requirements, particularly for food. As a result, Israel's trade gap was appreciably narrowed in 1954, although it still was estimated at about \$210 million.

"United States aid under the Mutual Security Program has been only a part of the worldwide assistance which Israel has received since its establishment, and the striking economic gains in the country have been produced primarily by the driving energies of the Israelis themselves. Nonetheless, our aid measures have formed a significant part of Israel's progress and have contributed importantly toward the maintenance of a going national economy. United States development assistance and technical cooperation have played a major role in the tripling of the land area under irrigation since the state was founded, in the doubling of agricultural and industrial production and power-generating capacity, the reduction in the trade deficit by \$75 million in 3 years, and the settling of nearly 700,000 immigrants in permanent or semipermanent quarters."

The FOA has considered it possible to reduce our assistance program to Israel. The \$72.8 million figure in 1953 was reduced to \$53.5 million in 1954 and to \$40 million in the current fiscal year—half of it loan and half of it surplus agricultural commodities.

In the program now pending before the Senate, the administration plans to reduce the amount of assistance for Israel still further.

Israel's progress has been most reassuring to her many friends in this country. We hope that it will be continued. Nevertheless, it would be a mistake if our aid program to Israel were cut too sharply or too rapidly. I call your attention once again to President Eisenhower's report to Congress. He said: "Despite its growing achievements, Israel continues to face a troublesome financial situation. Its trade deficit of over \$200 million and external debt of over \$400 million make it most difficult for it to pay from its own resources for the essential commodities and capital items needed to sustain an adequate rate of development. \* \* \*

Drastic cuts at this stage could have an adverse result—they could arrest development and prove expensive in the long run.

I am also glad to see that we have been carrying on a constructive program of economic and technical assistance in some of the Arab countries. In my judgment, this is the one sound way to win the Arab peoples to the cause of the West, and I am particularly encouraged to read in the report of the Senate Foreign Relations Committee the news that some progress may soon be made to bring about the resettlement of a substantial number of the Arab refugees. The committee has informed us, on page 31, that final negotiations are nearing completion for two large-scale resettlement projects. One would provide for 60,000 to 70,000 people in Sinai, while the other will benefit about 150,000 in the proposed Jordan Valley development. If a start can be made on both projects in the next 12 months, this administration will be entitled to congratulations.

On the other hand, I deeply regret that this administration thinks it necessary to grant military assistance to Arab countries prior to an Arab-Israel peace.

The transcript of the Foreign Relations Committee hearings on this legislation shows us that military assistance is now being given to Iraq.

We have a military assistance agreement with Iraq and funds are available from unexpended balances not included in this bill. We do not have any positive assurances that military aid will not be extended to other Arab countries in coming months. So far as we know, no military aid is going to Israel—although that country requested help from us 40 months ago, when it officially informed

us that it was ready to join in our western plans for the defense of the free world.

The arms program for Iraq is a dangerous gamble and could have disastrous consequences. I note that Mr. Stassen testified on this question before the Senate Foreign Relations Committee. I call attention to his remarks on page 47, where he asserted that we are not furnishing any arms to Israel or to any country that borders on Israel. Apparently the administration feels that it is safe to send arms to Iraq since that country does not border on Israel.

But the absence of a common frontier does not remove either the physical or the psychological dangers that lurk in this policy. Iraq has the closest ties with Jordan, which does have a common frontier with Israel, and which, incidentally, gets arms from our ally, Britain. The lack of a common frontier didn't prevent Iraq from declaring war against Israel in 1948 and from sending its soldiers to join other Arab armies in their unsuccessful invasion of that country. Iraq was always the ideological leader in the Arab struggle to prevent the establishment of Israel, and this is not surprising, because Iraqi leaders came under Nazi influence in the 1930's. It is a melancholy fact that Iraq was the one state in the Middle East where the Nazis were able to stage a pro-Nazi coup during World War II. I say melancholy because the record does not heighten our confidence in the reliability or responsibility of the state we have singled out as the recipient of our arms in this region. The ideological unreliability of Iraq has been notorious. And equally conspicuous was the weakness of the Iraq Army which was quickly overwhelmed by the British in 1941, and which did not cover itself with glory in the war against Israel in 1948.

Iraq's attitude toward Israel and the Jewish people has been so bitterly hostile that Iraq has never abandoned its war against Israel and to this day it refuses to sign an armistice agreement with that country. The Jewish community of Iraq—a victim of pogroms back in 1941—was forced to leave Iraq in a mass exodus in 1951. I spoke earlier of the fact that we voted economic aid to Israel in that year because of its refugee problem. It was during that same period that 120,000 Jewish refugees came there from Iraq—virtually all the members of one of the oldest Jewish communities in history. In April 1951, in the very month that Senator Taft and I introduced our bill providing financial assistance for Israel, 30,000 Jewish refugees arrived in Israel from Iraq. They poured in at the rate of 1,000 every day.

It is of little consequence that Iraq does not have a common frontier with Israel. The conflict between Israel and the Arab States is not merely a frontier dispute. It is a misconception of the entire situation to regard the Arab-Israel conflict as a mere succession of border raids and reprisals, and it is no solution to the basic problem to isolate these incidents as they occur, and to try to fix responsibility for their authorship—unfortunate and tragic as they undoubtedly are.

The primary and continuing cause of the Arab-Israel conflict is the refusal of the Arab States to recognize the existence of Israel and their open and official war against her. So long as the Arab States persist in their war against Israel, a democratic nation firmly aligned with the West, it is, I think, a mistake for us to furnish arms to any one of them.

It may be true that these arms won't be used against Israel tomorrow, or next week, or next month. But nobody can guarantee that they won't. And up to this time, I have seen no indication from the administration that it is ready to enter into a defense agreement with Israel or to insist upon its inclusion in a broader regional pact, how-



ever logical and appropriate it would be for our two democracies to be partners in such a broad regional defense treaty.

But the real danger is the psychological effect on the Arabs and the implications for an Arab-Israel peace. So long as we pass out arms to Iraq, without requiring her to accept Israel's existence as a fact, we encourage Iraq to believe that the issue is of no importance to us, and that the Arab war against Israel may go on without incurring our disapproval.

I intend to vote for the mutual-security program because I believe that this is a major element in our over-all policy to strengthen the free world against Communist aggression. But I wish to place into the record my reservations and exceptions to any proposals to send arms to the Arab States in advance of an Arab-Israel peace. This is a serious blunder, which may some day boomerang against our own best national interests.

Mr. BUTLER subsequently said: Mr. President, I ask unanimous consent to have printed in the RECORD prior to the vote on the mutual security bill a statement which I had prepared on section 9 (e), and some excerpts from the CONGRESSIONAL RECORD and newspapers.

There being no objection, the statement and excerpts were ordered to be printed in the RECORD, as follows:

#### STATEMENT BY SENATOR BUTLER

As the author, during the 83d Congress, of legislation known as the cargo-preference bill (Public Law 664), intended to assure that at least 50 percent of any Government-financed or Government-purchased cargoes be transported in privately owned United States merchant vessels, I should like to make 1 or 2 observations with respect to the pending measure.

Section 9 (e) of the bill now before us for consideration would have the effect of nullifying the 50-50 shipping provision with regard to transportation between foreign nations of goods procured with foreign currency. With emphasis upon the terms "foreign nations" and "foreign currency," I find no fault with this provision for the tonnage coming within such a category and normally available to American shipping would be relatively small at the present time. I am confident that there is no desire on the part of American shipping to stretch the application of the 50-50 or cargo-preference law beyond its original purpose, or to precipitate any tenuous relations with the community of free nations. On the contrary, the major attack of what in the opinion of most Americans is a most reasonable reservation for one of our own industries, has originated in foreign countries. From time to time, I have brought to the attention of the Senate the extent and nature of these criticisms. I regard this matter as so essential to the preservation of the American merchant marine that I include a number of relevant editorials and comments to be reprinted in the body of the RECORD at this point in my remarks.

In studying the report accompanying S. 2090, one will note several references to this subject of cargo preference for American shipping, and I am equally confident that these are not to be construed as a prelude to any change in administration policy. The feasibility and prudence of a minimum 50-50 arrangement have been amply demonstrated and the results have been helpful to our shipping. However, that is not to say that conditions in this vital industry have reached a utopian state. Unfortunately, such is not the case. Continuing vigorous efforts to preserve and strengthen the American merchant marine, as a part of our peacetime national economy and as our fourth arm of defense, must have the intense atten-

tion and cooperation of the Congress, the administration, and the industry itself. Jointly this vital objective can be achieved.

STATEMENT BY SENATOR JOHN MARSHALL BUTLER, OF MARYLAND, UNITED STATES SENATE, FEBRUARY 8, 1955

#### PUBLIC LAW 664—CARGO PREFERENCE LEGISLATION

Mr. BUTLER. Mr. President, in the closing days of the 83d Congress legislation was enacted to broaden and make permanent certain existing cargo preference guaranties to the American merchant marine.

Public Law 664, signed by President Eisenhower on August 26, 1954, affirms a national policy, which had previously been proclaimed time and again by the Congress, of assuring to privately owned United States-flag merchant vessels of at least 50 percent of all oceanborne cargoes purchased for, or given away by, or financed by, the Federal Government.

The policy thus incorporated into permanent legislation previously had been laid down in the Merchant Marine Acts of 1920, 1928, and 1936, and again in the Merchant Ship Sales Act of 1946. The substantial portion of the waterborne export and import foreign commerce which these acts called for as necessary to maintenance of an adequate, privately owned merchant fleet, was made more specific in various military and foreign economic provisions of the past half century.

As far back as 1904 Congress legislated to require that "vessels of the United States and no others" were to be employed in the transportation by sea of coal, provisions, fodder, or supplies of any description, purchased pursuant to law, for the use of the Army or Navy.

Again, in 1934, Public Resolution 17, 73d Congress, required that all cargoes financed by the Export-Import Bank or any other instrumentality of Government should be carried in American bottoms. This resolution still is effective.

In the Economic Cooperation Act of 1948, and the ECA amendments of 1949, the principle of "at least 50 percent" was adopted, and this interpretation of the policy of "substantial portion" was continued in the Korean Aid Act—Public Law 447, 81st Congress—and in all emergency aid and assistance acts since that time, as well as in the Mutual Security Act of 1951.

In all these enactments, it was provided that the 50-percent guaranty should apply only to the extent that such vessels were available at market rates. That same safeguard was included in Public Law 664.

Why is such a guaranty necessary? Why, from earliest time, has it been felt necessary to take specific measures to assure continued existence and operation of an adequate, privately owned merchant fleet? The reasons, basically, are quite simple.

As a maritime Nation, America's progress and prosperity have always been possible only to the extent that shipping has been available to carry its products to foreign shores, and bring back the raw materials lacking here.

Furthermore, as a nation open to attack by water on more than half of its borders, and, more recently, because of the urgent shipping needs of our military forces in action, or in constant danger in stations in many parts of the world, certain facts regarding ocean transportation have become inescapable.

First, Peacetime needs require a merchant fleet capable of carrying our foreign commerce. Otherwise, our economy is at the mercy of foreign shipping, as bitter experience has proven.

Second, World Wars I and II, and the Korean hostilities, have given indisputable evidence that America's Military Establishment, or its defensive setup, cannot operate

without a vast auxiliary of merchant shipping. We suffered in World War I, and the free nations were in extreme danger in World War II, because there was not adequate shipping available. Actually, it was not until the spring of 1945 that our Military Establishment could plan its strategic moves with entire confidence that sufficient shipping would be available. It is no secret that World War II was prolonged needlessly, with resulting additional losses in men and in national wealth, because our merchant marine was not nearly adequate to war's requirements.

With all this a matter of record, the third fact then becomes equally clear: namely, that United States-flag vessels cannot compete in the world transportation field—it cannot survive—without some aid from Government. Wages, supplies, safety requirements, all stemming from America's higher standard of living, give the low-cost foreign vessels an insurmountable advantage over American ships.

So we come to the nub of the problem—how best to aid American-flag vessels to meet this competition. Some have suggested that we entrust our commerce, and our national security, to the low-cost foreign vessels and stop worrying about how to meet their competition. But one does not hear any such suggestions from informed sources—such as military leaders who have to meet logistic requirements throughout the world, and industrial leaders who must depend upon the United States merchant fleet.

The military leaders have the experience of World War II and Korea fresh in their minds. Industry remembers its experience of years gone by. It remembers when ocean freight rates jumped as much as 2,000 percent, and when American cargoes rotted on docks everywhere because the foreign shipping on which reliance had been placed was nonexistent, or was too busy taking care of their own nations' need to bother about American commerce.

When it comes to a question of how to aid American-flag vessels, there can be only one truly sensible answer.

That answer is—cargoes. Shipping lives, and prospers, by the cargoes it carries. Deprived of those cargoes, as much of America's shipping has been lately, in the face of vastly increased foreign competition, shipping cannot survive. It was to fill this breach—which always will exist except in time of emergency—that the cargo-preference, or 50-50 policy, was devised. American shipping does not want handouts from the Government. It wants to earn its way, in the one manner that justifies the existence of shipping anywhere; namely, by carrying cargoes. And certainly it is not too much to ask that cargoes for our own needs, those which we give away, and those which we finance in one way or another, be divided equally as between our own shipping and that of other nations.

Opposed to the school of thought which would entrust our commerce to ships of foreign nations on a false economy basis, is another school which maintains that we should demand not 50 percent, but 100 percent of Government-aid or financed cargoes, for our own flag vessels.

The point out that even with this 50-50 division American-flag vessels have been carrying less—sometimes far less—than a third of our foreign commerce. On the other hand, foreign shipping is in better health than at any time since World War II.

As a matter of fact, Public Law 664, as originally conceived, provided for 100 percent carriage of Government-owned or financed cargoes in American-flag vessels. Mainly because of the adverse effect which such action might have on our allies abroad, I refused to support those demands. But, as between the two schools of thought, as between the policy of guaranteeing our own ships no part of those ocean cargoes paid for



or financed by Government, or of guaranteeing them 100 percent of such cargoes, I could have no hesitancy in taking a stand. I would be with those who urge 100 percent. But it is fortunate, indeed, that no such choice is necessary. Commonsense will always require that we do not place reliance on foreign shipping, but, rather, that we take such reasonable measure as will protect our merchant fleet from disappearing from the seas.

It has come to my attention that the Department of Agriculture, which stated that it had no immediate interest in this 50-50 bill when it was before the Senate for consideration, now is having trouble finding space on American vessels for transportation of surplus agricultural products.

If that be a fact, certainly there is no reason to attach any blame to the cargo-preference bill. Rather, there should be genuine satisfaction over the improved, but still far from healthy, state of the American merchant marine, which this bill has certainly helped to accomplish. How much better it is to have our shipping generally busy, rather than rotting at the wharves, as was the case a few months ago before this bill became effective.

My information, however, is that competitive bids have been submitted by American ship operators on every occasion when the Department of Agriculture has asked for bids. Moreover—and this is most important—I am told that American-flag tramp-vessel quotations as of the present time are 20 cents per ton less than even our National Shipping Authority rates.

Rates on United States-flag berth liners, of course, are identical with those of competing foreign vessels. I suggest that the Department of Agriculture may resolve these transportation difficulties by seeking a greater number of competitive bids from American shipping.

It should be kept in mind that Public Law 664 foresaw just such a situation as is now reported—and provided for it. The law makes application of the 50-50 provisions dependent upon the condition that American vessels are "available at fair and reasonable rates for United States-flag commercial vessels." If privately owned United States-flag vessels are not so available, there is no requirement in the law that such vessels be used for the transportation of these surplus agricultural commodities.

Another point to be kept in mind, however, is the desirability of maintaining our tramp fleet in an active, prosperous condition. Anyone familiar with ocean shipping history can recall the numerous instances when American exporters have been forced to pay outrageous rates for space on foreign ships because no privately owned American-flag vessels were available.

Public Law 664, with its assurance of 50 percent of Government-purchased or Government-financed cargoes to United States-flag vessels, is a reasonable measure.

Even under it, our shipping will still be far from the goal, as fixed in the basic merchant marine legislation, of carrying what might reasonably be considered a "substantial portion" of our country's waterborne export and import foreign commerce. Even under this "50-50" law, our ships will not be carrying the 50 percent of all our commerce which can rightfully be claimed as their due.

At least, however, Public Law 664 will help the American merchant marine meet to some extent the terrific competition of foreign shipping operating at one-fourth to one-half of the cost of American-flag vessels. On a realistic basis, this looks like as much as we can hope for. But it is as little as we can afford to take, in the interest of American prosperity and national security.

I will oppose to the utmost any efforts to deprive American shipping of the rela-

tively feeble aid it now enjoys as a result of the operation of Public Law 664.

[From the New York Journal of Commerce of February 16, 1955]

#### IT DOESN'T COME FREE

There have been indications from Washington recently that some Congressmen—primarily those from the farm States—want to take another look at the so-called cargo-preference law, under which at least one-half of all cargoes financed by the United States Government—whether inbound or outbound—must move in American-flag ships.

This policy, applied to all relief and rehabilitation shipments since the war, on a temporary basis, became the law of the land last year with the enactment of the Butler Tollefson Act. More recently lingering doubts as to its applicability this side of the Federal courts were cleared up when Attorney General Brownell gave it as his considered opinion that the act applies to surplus farm commodities exported by the Government under Public Law 480.

The reason for renewed congressional interest in the issue is obvious. Some foreign countries are reluctant to negotiate purchases of United States surplus farm stocks if one-half the shipment must be carried in American vessels, and at least one of these nations is understood to have turned down such an agreement entirely. In the eyes of some farm State legislators, therefore, the Cargo Preference Act is beginning to look like an obstacle to the administration's farm-surplus-disposal program.

This newspaper has supported the 50-50 principle from the outset, although with misgivings.

We supported it originally because, while realizing it was an extraordinary measure for a great creditor nation to undertake, the circumstances were also extraordinary. UNRRA, the Marshall plan, NATO, and point 4 were all unprecedented programs.

The United States had just emerged from a war which showed clearly that a strong merchant fleet was essential to its mere survival in a clash of great powers. If this merchant fleet were itself to survive, it would have to find work; and if it were not given a half share in these great programs, where, indeed, would it have found it in view of its high operating costs and the worldwide scarcity of dollars to buy its services? Subsidies, paid to a relatively few shipowners, provided only part of the answer.

The cargo-preference policy could not be judged by normal commercial standards because there was nothing either normal or commercial about the programs under which it was adopted. If it prevented foreign owners from earning some dollars they would otherwise have earned, their loss was nothing compared with the gain these programs brought to their national economies, and the policy literally kept American shipping afloat.

So far as Government aid programs are concerned, stockpiling and the like, we see no reason for modifying this policy.

The misgivings we held at the outset we still retain, however. We retain them because we know that nothing comes free.

The 50-50 rule has established a precedent which is not in all respects pleasant. What one nation can do to protect its shipping, another nation can also do. And if one such act detonates others, the outlook for a reasonably free market in shipping—shaped by the old laws of supply and demand—is poor indeed, and so are the prospects of nations which depend heavily on shipping earnings.

The Onassis agreement with Saudi Arabia was one of these portents, but not by any means the only one. There is a danger inherent in going too far—and we believe the United States went as far as it ever should go when it arranged the recent sale

of coal to England for sterling on condition that half the cargoes move in American ships.

The deal was advantageous to the British, for it saved them dollars, but the transaction came close to being of a straight commercial type, and the attachment of the 50-50-cargo-preference principle left a burning question in the air as to whether there would be more of the same. Thus far there has not been.

The farm-surplus export program is not of this variety, however.

It is a Government operation; and while we have had as many misgivings about it as about the 50-50 rule, we accept the assurances of President Eisenhower and Secretary Benson that sales will be handled in such a way that they do not disturb ordinary commercial marketings, either of United States citizens or those of friendly foreign countries.

If one accepts those assurances, this program cannot be considered a commercial venture, and there should be no question as to the applicability of the Cargo Preference Act to shipments made under it. The Attorney General is on firm ground in taking this position.

It would be a little ironic, however, if farm interests should take the stand that the Cargo Preference Act should go because it seems to interfere with sales of Government-owned agricultural surpluses. They would be skating on thin ice, indeed.

Let there be no mistake about it. Both the crop-support program and the cargo-preference policy are, in one way or another, forms of subsidy, and there is no occasion whatever for the recipients of either to take a holier-than-thou attitude toward the other.

Both bear the seeds of possible future trouble. It is safe to use them only so long as their potential dangers are kept in mind, and those who administer them do so with restraint.

[From the Northwestern Miller, Minneapolis, Minn., of March 8, 1955]

#### THE 50-50 LAW

There is a tendency in some quarters to look upon America's abundance of agricultural products as a curse rather than as a blessing. Yet to the world at large these surpluses are a blessing, indeed, for the administration is doing everything within its powers, and within the bounds of prudence, to see that needy people get them.

Part of the plan is that agricultural surpluses may be sold for foreign currency under the provisions of Public Law 480. Because of the inability to procure, or to spend dollars, such countries as Yugoslavia, Pakistan, Turkey, Chile, and Peru are benefiting. Others are listed as possible beneficiaries.

It seems hard to understand, therefore, why one small provision or condition of such deals should arouse bitter criticism abroad. The United States Attorney General, Herbert Brownell, Jr., ruled last December that half of the commodities sold for foreign currency must be moved in American ships under the provisions of the Butler-Tollefson Cargo Preference Act. Known as the 50-50 law, this legislation is aimed at providing business for American ships. American surpluses have made food available to foreigners. What is wrong with moving it in American vessels? The rule has done no harm to overseas maritime nations, for the movement of surplus commodities has resulted in a major increase in freight rates. Because foreign companies' operating costs are much lower than those of American firms, they make that much extra profit.

From the vehement protests uttered abroad one might imagine that the Americans are taking their customers for every penny they have. Admittedly, these customers are paying for the goods, but it is in



their own national currencies and the American administration is committed to spending the cash take on projects abroad. Admittedly, again these projects are aimed at strengthening world defense, itself an advantage to the United States. But they are also advantageous to the recipients in spheres apart from mutual defense. Money circulates more freely and the projects themselves are capital gains.

Even when the United States was giving freely and without charge large amounts for the economic rehabilitation of Europe in the early postwar years, there were squeals of protest at even the smallest stipulation imposed by the American administration. The removal of the provision that 25 percent of all wheat shipped under the aid scheme should be in the form of flour was sparked by the protestations of the beneficiaries.

The House Merchant Marine and Fisheries Committee has been hearing about the protests. The firm recommendation is that the committee should not allow the administration to recognize them.

[From the New York Journal of Commerce of May 20, 1955]

#### SHIPPING OUTLOOK: THE 50-50 LAW

(By Edward P. Tastrom)

Discrimination is a dangerous word to bandy about at any time unless you happen to be talking about the finer things in life, like art or music, when it assumes a certain majesty.

We find it necessary, however, to discuss discrimination today—flag discrimination particularly—and how it is being applied specifically to the United States ever since the Butler-Tollefson so-called 50-50 law was enacted last year.

The criticism that has been leveled against this measure abroad during recent months has mounted steadily. It reached a new peak this week when Sir Colin Anderson, president of the International Chamber of Shipping, told delegates from 35 nations representing some 17 million tons of shipping, who attended the Baltic and International Maritime Conference at Copenhagen, that "one of our biggest problems today is United States flag discrimination."

Since this use of the word in a depreciatory sense before such an important group can only result in a false and misleading statement coming to be accepted as genuine by many, unless challenged, it is time to state a few facts.

First. This law does not provide that American-flag ships are to get 50 percent of certain types of cargo to which it applies. The American-flag ship "must be available" and at "reasonable rates." Otherwise, the shipment can move on a foreign ship, as many of them have been handled. Last year, for example, 82 percent of this country's tramp-borne commerce moved in foreign ships, because the 50 tramps still under the United States flag were not able to handle the allowed percentage.

Second. The law applies only to overseas cargo paid for or guaranteed as to payment by the United States Government, including American surplus commodities that are sold for local currency and hence must be covered by dollar appropriations out of the United States Treasury. This local currency is either spent by the United States in that foreign country or allowed to stay there as a grant or long-term loan. Regardless of the final disposition, it is a tab that the American taxpayer must meet.

Third. Cargo preference of the type just mentioned has been applicable in one form or another over several years, or ever since this country engaged on its policy of helping friendly nations at the end of the war. American ships had a priority up to 50 percent of all aid cargo. We do not recall any

great furor being raised abroad during this period though the surrounding circumstances, basically, were little different than they are today.

Yet, despite this effort to assist United States shipping, the percentage of our dry cargo trade handled by American bottoms has steadily dropped. In 1946, for example, American ships handled 60.9 percent of our exports and 56.3 percent of our imports. The figures for November 1954, the latest available, show American ships handling 24.4 percent of dry cargo exports and 29.1 percent of imports.

This is rather ironic in view of another observation by Sir Colin at the Copenhagen conference that world trade is 20 percent greater than in 1950 and 50 percent greater than prewar.

United States flag shipping certainly hasn't been doing too well in this expanding market.

So we have a situation in this 50-50 law where United States flag shipping is not guaranteed any percentage of cargo but must meet certain conditions: Where the cargo involved is directly tied to the taxpayer's dollar; where the so-called preference has been in effect for years; and where, despite this misnamed discrimination, the fleets of every leading maritime nation have expanded while that of this country has declined.

Surely this has not resulted in any restraint of trade. Competitive forces have been freely at work around the world outside this country as the statistics covering the handling of our waterborne commerce indicate.

Overlooked in all this hullabaloo is the fact that whatever flag a vessel flies, it is placed at no disadvantage with American ships in normal trading with this country. We do not have any special port dues, consular fees, berthing preferences and other dodges to aid our shipping.

This is discrimination in the proper meaning of the word as we see it, for these gimmicks are aimed to divert all cargo to a particular nation's shipping, not 50 percent of taxpayers financed cargo which, in turn, is a small percentage of all cargo moving in and out of our ports.

Our friends abroad have every right, of course, to criticize this statute, but we believe that in labeling it flag discrimination they are putting on a handle that does not fit. In so doing they are letting loose impressions that are not warranted by the simple truth.

The PRESIDING OFFICER. If there be no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, and was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

Mr. JOHNSON of Texas. Mr. President, on this question, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. KNOWLAND. Mr. President, under the unanimous-consent agreement, we have a division of the time on the bill. I have not received very many requests for time, but there have been several requests of that sort.

Let me inquire how many minutes the Senator from South Dakota [Mr. MUNDT] would like to have me yield to him?

Mr. MUNDT. I should like to have the Senator from California yield me 2 minutes.

Mr. KNOWLAND. Very well, Mr. President; I yield 2 minutes to the Senator from South Dakota.

The PRESIDING OFFICER. The Senator from South Dakota is recognized for 2 minutes.

Mr. MUNDT. Mr. President, first of all, I wish to state how I interpret this bill as a member of the Appropriations Committee, which will be charged with the responsibility of implementing it.

As I cast my vote here, and as I vote in the Appropriations Committee, I shall keep in mind the words of the Senator from Kentucky [Mr. BARKLEY]. A day or two ago he said—and in my opinion he said correctly—that in this case we are passing a maximum authorization bill. We are definitely promising to spend any specific amount of money.

I think we should not let the idea exist in our country or exist beyond our shores that tonight we are in any way approving or passing a promissory note that has to be redeemed 100 cents on the dollar in its full amount by the Congress as a whole or by the Appropriations Committees.

Personally, I expect to vote for the bill, on the question of final passage, because substantially half of the authorizations under the bill will go for actual military assistance. Some of the rest will go to help countries such as Formosa, Pakistan, Korea, and countries in other areas of the world which desperately need our help, and which definitely manifest their friendship for the United States of America and their faith in freedom.

Mr. President, I think the bill is a bit waterlogged. I shall do what I can in good faith, as a member of the Senate Appropriations Committee, which will deal with this specific fund, to whittle down the areas which I think are inflated, to squeeze some of the water out of the bill, to reduce it from the standpoint of its size in certain areas, and to try to move it in the direction of loans, instead of grants—which, if continued, will endlessly engulf our country in increasing debt and steadily perpetuate an expensive and exhausting practice.

I make this statement primarily as one member of the Senate Committee on Appropriations to make it crystal clear on the record that we are not tonight signing a promissory note and guaranteeing to redeem its maximum limitations 100 percent. We have created a maximum in an area in which the Appropriations Committee and the Congress will exercise their good judgment to determine how much of what we authorize here eventually we shall deliver over there.

This bill establishes the ceiling beyond which we cannot go. It now becomes our responsibility to decide how far we shall go with our appropriations in moving toward this very generous maximum ceiling. We make no commitments on those final monetary figures by our votes on policy here tonight.

The PRESIDING OFFICER. Is further use of time desired?

Mr. JOHNSON of Texas. Mr. President, I am prepared to yield back my time, and will do so after making a very brief statement.



I know that I speak for every Member on this side of the aisle, and I hope for the entire membership of the Senate, when I express great admiration for the magnificent job done by the Foreign Relations Committee, and particularly by its distinguished chairman, in handling one of the most important bills the Senate has considered during this session.

We have long known that no Member of this body is possessed of more wisdom, greater eloquence, better powers of persuasion, or a finer sense of devotion to duty than the great senior Senator from the State of Georgia [Mr. GEORGE]. To him and to his colleagues on that committee on both sides of the aisle I express my gratitude and appreciation for the fine job they have done.

Mr. President, I yield back the remainder of my time.

Mr. KNOWLAND. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time has been used or yielded.

The bill having been read the third time, the question is, shall it pass? On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceed to call the roll.

Mr. FREAR (when his name was called). On this vote I have a pair with the junior Senator from Alabama [Mr. SPARKMAN]. If he were present and voting I am informed that he would vote "yea." If I were at liberty to vote, I would vote "nay." I therefore withhold my vote.

The legislative clerk resumed and concluded the call of the roll.

Mr. KNOWLAND. I announce that the distinguished Senator from Nevada [Mr. MALONE] is paired against the bill with the Senator from Kentucky [Mr. CLEMENTS]. The Senator from Nevada is absent on official business of the Senate.

Mr. JOHNSON of Texas. I announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from Kentucky [Mr. CLEMENTS], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Tennessee [Mr. GORE], the Senator from Rhode Island [Mr. GREEN], the Senator from Arkansas [Mr. McCLELLAN], the Senator from Wyoming [Mr. O'MAHONEY], and the Senator from Alabama [Mr. SPARKMAN] are absent on official business.

The Senator from Massachusetts [Mr. KENNEDY] is necessarily absent.

The Senator from Montana [Mr. MURRAY] is absent by leave of the Senate to attend the International Labor Organization meeting in Geneva, Switzerland.

On this vote, the Senator from Kentucky [Mr. CLEMENTS] is paired with the Senator from Nevada [Mr. MALONE]. If present and voting, the Senator from Kentucky would vote "yea," and the Senator from Nevada would vote "nay."

I further announce that if present and voting, the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Rhode Island [Mr. GREEN], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Montana [Mr. MURRAY], and

the Senator from Wyoming [Mr. O'MAHONEY] would each vote "yea."

Mr. SALTONSTALL. I announce that the Senator from Colorado [Mr. ALLOTT], and the Senator from Ohio [Mr. BENDER] are absent on official business.

The Senator from South Dakota [Mr. CASE] and the Senator from Kansas [Mr. SCHOEPP] are absent by leave of the Senate.

The Senator from Utah [Mr. WATKINS] is absent on official business for the Committee on the Judiciary.

The Senator from New Hampshire [Mr. BRIDGES] is necessarily absent.

The Senator from Indiana [Mr. CAPEHART] is detained on official business.

If present and voting, the Senator from Colorado [Mr. ALLOTT], the Senator from Ohio [Mr. BENDER], the Senator from New Hampshire [Mr. BRIDGES], and the Senator from Utah [Mr. WATKINS] would each vote "yea."

Mr. HUMPHREY. Mr. President, how am I recorded?

The PRESIDING OFFICER. The Senator is recorded as voting in the affirmative.

Mr. LEHMAN. Mr. President, how am I recorded?

The PRESIDING OFFICER. The Senator is recorded as voting in the affirmative.

Mr. WILLIAMS. Mr. President, I ask for the regular order.

The PRESIDING OFFICER. The regular order is demanded.

The result was announced—yeas 59, nays 18, as follows:

#### YEAS—59

Alken	Hickenlooper	Morse
Anderson	Hill	Mundt
Barkley	Holland	Neely
Beall	Humphrey	Neuberger
Bennett	Ives	Pastore
Bible	Jackson	Payne
Bricker	Johnson, Tex.	Potter
Fush	Kefauver	Purtell
Butler	Kilgore	Robertson
Carlson	Knowland	Saltonstall
Case, N. J.	Kuchel	Scott
Cotton	Lehman	Smathers
Dirksen	Long	Smith, Maine
Douglas	Magnuson	Smith, N. J.
Duff	Mansfield	Stennis
Ervin	Martin, Iowa	Symington
Flanders	Martin, Pa.	Thurmond
George	McNamara	Thye
Hayden	Millikin	Wiley
Hennings	Monroney	

#### NAYS—18

Barrett	Ellender	Langer
Byrd	Goldwater	McCarthy
Curtis	Hruska	Russell
Daniel	Jenner	Welker
Dworshak	Johnston, S. C.	Williams
Eastland	Kerr	Young

#### NOT VOTING—19

Allott	Frear	Murray
Bender	Fulbright	O'Mahoney
Bridges	Gore	Schoeppel
Capehart	Green	Sparkman
Case, S. Dak.	Kennedy	Watkins
Chavez	Malone	
Clements	McClellan	

So the bill (S. 2090) was passed.

#### PROGRAM FOR NEXT WEEK

Mr. JOHNSON of Texas. Mr. President, I shall shortly move that the Senate recess until Monday at noon.

For the information of Senators, I should like to say that it is expected that

two appropriation bills will be reported by the Committee on Appropriations tomorrow. So far as I know, there is no great controversy on either of the bills. Furthermore, so far as I am informed, there is no plan to have a yea-and-nay vote on either of the appropriation bills, although, of course, Senators may require it. These bills will be considered on Monday.

On Tuesday it is planned to bring up the housing bill and any other bills which may be reported and are on the calendar. However, when the Senate recesses this evening, it will recess until Monday at noon. I assure Senators that I shall be glad to stay here this evening until all Senators have had an opportunity to place matters in the RECORD.

#### DEATH OF DR. F. MELIUS CHRISTIANSEN

Mr. HUMPHREY. Mr. President, I should like to take a few moments of the Senate's time to pay an appropriate tribute to a very distinguished citizen of the State of Minnesota who passed away yesterday. I refer to Dr. F. Melius Christiansen, director of the St. Olaf choir of St. Olaf College, at Northfield, Minn.

Dr. Christiansen was one of our senior citizens in Minnesota in the fullest sense of that term. For more than 35 years his choir traveled throughout America and in many foreign countries. It brought a message of good will and American life to people in foreign lands, and it brought good cheer and good music to people in our own country.

Dr. Christiansen was knighted by the King of Norway, and he was received by Presidents of the United States. He was known to governors of our States, Members of Congress, leaders of business and professions, and people in all walks of life.

His death is a sad loss to our State and to the great college he so ably represented for more than 35 years.

We in Minnesota have great pride in his many accomplishments. His spirit will live on and his works will live on in the person of his own son, who is the new director of the St. Olaf choir, which I consider to be one of the finest choral organizations in America.

#### THE HELLS CANYON DAM

Mr. MAGNUSON. Mr. President, I understand that tomorrow morning the subcommittee of the Committee on Interior and Insular Affairs in charge of the bill introduced by several Senators, to authorize the Hells Canyon Dam on the reaches of the Snake River in the State of Idaho, will meet to discuss and probably vote on the bill and its referral to the full committee.

I had intended today to make some remarks regarding the Hells Canyon controversy. However, because of the lateness of the hour, and because it is expected that the committee will vote on the bill tomorrow, I ask unanimous consent that my statement regarding it



be printed in the RECORD at this point, in the hope that the committee may give some attention to the statement.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR MAGNUSON  
FEDERAL POWER COMMISSION EXAMINER PROVES  
CASE FOR FEDERAL HIGH HELLS CANYON DAM

On May 6 the presiding examiner of the Federal Power Commission made public his long awaited—recommended—finding on the 3-dam license application of the Idaho Power Co. for the Hells Canyon reach of Snake River.

For many years I, together with many of my colleagues, have said time and time again on the floor of the United States Senate that the proposed Federal high dam at Hells Canyon represented the only means by which maximum development of this stretch of Snake River would be attained.

We have said time and time again that its great block of power-at-site and downstream would benefit the region and the Nation. We have said that the 3-dam private plan would sacrifice needlessly most of the potential of the river.

We have pointed out the tremendous economic benefits of such a project in new industries, payrolls and jobs, a broader tax-base.

We have said time and time again that as a key upstream storage project in the Corps of Army Engineers main control plan for the Columbia Basin, the operation of Hells Canyon, integrated with the other Federal projects, would provide not only the greatest feasible production of firm power but also navigation, flood control, recreation, aid to future irrigation, and full development of the great phosphate reserves in eastern Idaho and neighboring States, so important to the Nation's farm economy.

And we have said time and time again that the investment of the American people in the economic stimulation of the Pacific Northwest—by means of development of the Hells Canyon reach of Snake River—would be repaid by the region's power users in 50 years with interest.

Not only that, but in the following 50 years Hells Canyon Dam would pay for itself twice.

After more than a year of hearings before the Federal Power Commission, after the various parties had exchanged briefs and counter briefs, the examiner has shifted the record of facts on this most vital matter to the future of river development in America.

This is what the examiner has to say about the Federal high dam at Hells Canyon:

"The facts seem to point to the inescapable conclusion that with the marked and substantial advantage of the Government's credit, the high dam would be dollar for dollar the better investment and the more nearly ideal development of the middle Snake" (p. 55).

This is precisely what we have been saying since 1949, in the face of misleading propaganda, in the face of half-truths, in the face of talk about creeping socialism, in the face of the myths of an alternative "special interest" plan for development.

If there is one thing that is made clear by the examiner's finding of fact it is this: There is no alternative private plan for development at Hells Canyon.

No such plan exists. Three small dams were hurriedly proposed in order to establish the appearance of an alternative.

A small amount of storage was proposed at one of the three sites—Brownlee.

In the hope that the people of the Northwest would be incapable of rising to protect their own interests, the Idaho Power Co. went into the hearings before the Federal Power Commission, confident that the pro-

ceedings would be over before the true nature of their flimsy, improvised nonplan would be revealed in the record.

The Idaho Power Co. failed. Their claims were given the most rigid scrutiny over the months. Government witnesses testified concerning the soundness of engineering and economic planning for the high dam. The examiner could, in all intellectual honesty, come to no other conclusion to the one which I have just quoted—that high Hells Canyon represents "the more nearly ideal development of the middle Snake."

Where are the major disputations arguments against Hells Canyon now? Let us take a number of the more important ones:

You have heard the opponents say: Hells Canyon dam is unfeasible engineeringly and economically, will never repay its costs from the sale of its power.

Here is what the examiner says in reply:

Finding 136: "The high-dam project is feasible from an engineering standpoint"; and in

Finding 155: "The high-dam project apparently would pay out its reimbursable costs with interest within a 50-year period, i. e., amortization of the Federal investment allocated to power, together with costs of operation and maintenance."

Here is another argument of the opponents: The three-dam plan will produce almost as much power as Federal Hells Canyon Dam, and cheaper.

On this the examiner says:

"That the at-site energy produced by the three dams would be 505,000 kilowatts of prime power" (finding 15); and

"That the Federal Hells Canyon project would produce 924,000 prime kilowatts."

This is a difference of 410,000 kilowatts, the equivalent of another Bonneville, in favor of the Federal dam.

Cost of salable firm power from Hells Canyon project, says the examiner, would be \$23.80 per kilowatt-year, and would not affect the going Bonneville rate of \$17.50 a kilowatt-year when pooled with the Federal system (finding 148). This means that Hells Canyon power would cost delivered at load center 2.7 mills per kilowatt-hour.

Cost of salable firm power from the three dams would be 6.69 mills per kilowatt-hour (finding 25). This would make such power cost \$58 per kilowatt-year, far and above the general going cost of generation and transmission in the Pacific Northwest outside the area served by the Idaho Power Co., and nearly 250 percent higher than Federal Hells Canyon power.

Could anyone in his right mind call this three-dam proposal an alternative plan to Federal Hells Canyon Dam on those two facts alone:

1. A loss of 45 percent of the power potential?

2. Power available at nearly 250 percent higher cost than the Federal project.

Another loud argument against Federal Hells Canyon—and for the three dams—capitalizes on the impending power shortage in the Pacific Northwest, which is indeed a most serious one.

Opponents of Hells Canyon have stated over and over again that the private plan would provide a needed block of power for the Northwest and would get it on the line in 3 years, if necessary; far more rapidly than high Hells Canyon could ever accomplish the job.

The examiner shows little mercy on these contentions. In several findings, and in the general text, he makes the facts eminently clear from the record:

1. That the energy from the three dams could not be used in the Idaho Power Co.'s own service area until about 1975 (finding 20).

2. That surplus energy to the Idaho Power Co. service area would have to be sold elsewhere in the region at prices equal to the

costs of producing and transmitting the power (findings 21 and 22).

3. "The prospects, as reflected in this record, for the sale in the Northwest of the large amounts of excess power that would be available from the three projects at rates which would equal the cost of the power are so feeble as to be worthy of no consideration" (finding 27).

The examiner has previously stated (p. 25) that "The cost of the Idaho Power Co. 3-dam output will always exceed the upper limit of the sales price for wholesale power in the Pacific Northwest \* \* \* this will also be so in 1980 when all of the additions to capacity in the Northwest will be steam-electric."

No one except those who are forced to buy Idaho Power's electric energy, or use coal-oil lamps, will accept 6.69-mill power in the Pacific Northwest. This power is of no use to us. It will not answer the region's needs for large blocks of low-cost power available to the entire region to help meet normal load growths and attract needed new industry as well.

But by the time 1975 has rolled around, Federal high Hells Canyon Dam, assuming a start of construction in 1956, will have been on the line producing its full at-site and downstream power for 22 years. Not until 1975 would there be a local market for the power from the other two Idaho Power dams at the prices they would charge.

So much for the allegation of the three dams producing any power for the Columbia Basin as a whole, and so much for having it on the line sooner than Hells Canyon.

One of the most misleading and vicious arguments against Hells Canyon Dam has been that there wouldn't be enough water after expansion of upstream irrigation on Snake River to fill the high-dam reservoir during critical years of low flow. Southern Idaho irrigationists have been made the target of this fallacious propaganda which was calculated to strike them at their most sensitive spot, since their very existence depends upon water for their crops.

The examiner gives short shrift to this straw man. In finding 166 he says:

"With ample allowance for all foreseeable upstream water uses, a dependable water supply can reasonably be expected for the efficient and economic operation of the high-dam project during its payout period."

Opponents of the high dam have contended for years that the Idaho Power Co. had a plan for comprehensive development. This they argued when the company proposed and applied to the Federal Power Commission for only the small Oxbow development. They shifted with the next company shift when it talked about five low-head dams—including Oxbow. Once more they shifted when, after several years, the company came out with the 3-dam proposal—including Oxbow, Little Hells Canyon, and Brownlee—the latter with 1 million acre-feet of storage.

Is this really a comprehensive plan? Listen to what the examiner says in finding 48:

"To call completely separable power development units of a single project in order that a license be issued for all of the projects at once and the construction period of one of such separable projects could actually begin at some time after the 4-year period specified in the statute, would be a violation of section 13 of the Federal Power Act."

Moreover, the examiner shows from the record of the FPC proceedings that the 3 dams were planned, designed, and engineered primarily to meet the power needs of the Idaho Power Co. service area (finding 70). And also the 3-dam proposal's transmission system is not designed for a fully integrated operation with the Federal Columbia River power system, nor does the record show any such intention or planning on the part of the Idaho Power Co. (finding 139).







June 22, 1955

4. PERSONNEL. The "Daily Digest" states that "Conferees, in executive session, agreed to file a conference report on the differences between the Senate- and House-passed versions of S. 67, to adjust the rates of basic compensation of certain officers and employees of the Federal Government. As agreed by the conferees, the bill would -- (1) Provide a 7.5-percent increase retroactive to March 1, 1955; (2) Increase by .5 each the figures in the House-passed bill in grades Nos. 2, 3, 5, 7, 8, 11, and 13; (3) Include all classified employees in the executive branch of the Government, including the D. C. Government, and all legislative and judicial employees; and (4) Increase the total cost of the bill to the Government to \$328,383,000" (p. D601).
- The Post Office and Civil Service Committee ordered reported H. R. 6590, to prohibit the employment by the Federal Government of persons who are disloyal or who believe in the right to strike against the Government (p. D600).
- The Judiciary Committee ordered reported H. J. Res. 157, to establish a Commission on Government Security (p. D600).
15. AUDITING. Received from the Comptroller General a report on the audit of ACPS; to Government Operations Committee (p. 7719).
16. VETERANS' BENEFITS. The Veterans' Affairs Committee reported without amendment H. R. 4006, to provide that education and training allowances paid to veterans pursuing institutional on-farm training shall not be reduced for 12 months after they have begun their training (H. Rept. 881) (p. 7719).
17. INVESTIGATIONS. Adopted as reported H. Res. 266, to authorize the Agriculture Committee to make investigations into certain matters within its jurisdiction (pp. 7661-2). Reps. Patman and Cooley discussed the extent the investigation would apply to the family-type farm (p. 7662).
18. CUSTOMS SIMPLIFICATION. Passed as reported H. R. 6040, to amend the administrative provisions of the Tariff Act of 1930 and to repeal obsolete provisions of the customs laws (pp. 7662-81). Rejected, 143 to 232, a motion by Rep. Simpson to recommit the bill (pp. 77680-1).
19. FOREIGN AID. The Foreign Affairs Committee ordered reported with amendments S. 2090, the mutual security bill (p. D598). The "Daily Digest" states that: The committee reduced the required figure for the use of agricultural surplus from the \$300 million in the Senate bill to 250 million as requested by the executive branch; eliminated the 50-50 shipping clause from the transport of agricultural commodities not only under this act, but also under Public Law 480, the surplus agricultural disposal act; extended for 1 year the law permitting free import privileges for personal and household effects brought into the U. S. by Government employees returning from foreign assignment (p. D598).
20. DAIRY PROGRAM. Rep. Johnson, Wis., inserted various farm organization statements outlining their suggestions for a dairy program (pp. 7690-7714).
21. PROPERTY. The Interior and Insular Affairs Committee ordered reported with amendment H. R. 6692, to transfer land and buildings now used for research under cooperative agreement with the Virgin Islands Corporation (p. D599).
22. FOREIGN TRADE. Received a report of the National Advisory Council on International Monetary and Financial Problems; to Foreign Affairs Committee (H. Doc. 194) (p. 7661).



23. LANDS. The Interior and Insular Affairs Committee ordered reported H. R. 4096, to provide for the disposal of public lands within highway, telephone, and pipeline withdrawals in Alaska, subject to appropriate easements, etc. (p. B599).

ITEMS IN APPENDIX

24. FOREST SERVICE. Rep. Landrum inserted an editorial commending the work of the Forest Service and approving of the increase in its appropriation (p. A4536).
25. RECLAMATION; ELECTRIFICATION. Rep. Baldwin inserted an editorial from the San Francisco Chronicle pointing out that there is still a chance that the Echo Park Dam project may be included in the upper Colorado River development project (p. A4536).
- Senator Neuberger inserted two statements by the Citizens Committee on Natural Resources, warning against the passage of the upper Colorado reclamation bill on the grounds that it may still permit the building of Echo Park Dam (pp. A4545-6).
- Rep. McDonough opposed the upper Colorado project, stating that it would divert some of California's share of water to other areas, and inserted some correspondence in which the president of the California Taxpayers Association challenged the accuracy of cost estimates for this project (pp. A4566-7).
- Rep. Hosmer inserted a newspaper editorial denouncing the upper Colorado project as socialistic and extravagant (p. A4568). He also inserted a statement criticizing the Emery irrigation project, Utah, a part of the upper Colorado project (p. A4573).
- Rep. Allott inserted letters and statements, including a statement from REA, describing terms of a contract of the Southern Colorado Co. to supply power to three Colorado cooperatives (pp. A4544-5).
- Sen. Lehman inserted a statement of his views regarding the St. Lawrence River project in relation to a proposed contract between the New York Power Authority and Alcoa Aluminum Co., and included a lengthy discussion of the principles of public power development in general (pp. A4539-43).
- Sen. Morse inserted an article from the Yakima, Wash. Morning Herald warning that the time is getting short for approval of construction of a high dam at Hells Canyon (pp. 4548-9).
- Speech in the House by Rep. Miller, N. Y., opposing authorization of the Trinity River Division of the Central Valley project as now proposed and urging its development in the future by private power interests (pp. A4562-3).
26. CONSERVATION. Sen. Morse inserted two student essays, "What Conservation Means to Me" (pp. A4546-7).
27. LIVESTOCK. Rep. Miller, Nebr., inserted a resolution of the Nebraska Stock Growers Association giving its position on various Government farm policies (p. A4547).
28. FOREIGN TRADE. Rep. Scudder inserted a newspaper editorial urging higher tariffs on crabmeat and tuna imported from Japan (p. A4550).
- Rep. Addonizio inserted an Italian-American newspaper article charging that tariff barriers against Italian imports are strengthening Communism in Italy (p. A4559).







# MUTUAL SECURITY ACT OF 1955

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## REPORT

OF THE

## COMMITTEE ON FOREIGN AFFAIRS

ON

### S. 2090

TO AMEND THE MUTUAL SECURITY ACT OF 1954,  
AND FOR OTHER PURPOSES



JUNE 24, 1955.—Committed to the Committee of the Whole House  
on the State of the Union and ordered to be printed

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UNITED STATES  
GOVERNMENT PRINTING OFFICE  
WASHINGTON : 1955





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## MUTUAL SECURITY ACT OF 1955

JUNE 24, 1955.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. RICHARDS, from the Committee on Foreign Affairs, submitted the following

### R E P O R T

[To accompany S. 2090]

The Committee on Foreign Affairs, to whom was referred the bill (S. 2090) to amend the Mutual Security Act of 1954, and for other purposes, having considered the same, report favorably thereon with amendments and recommends that the bill as amended do pass.

The amendments are as follows:

Page 2, line 2, strike out "\$1,278,000,000" and insert "\$1,133,000,000".

Page 2, after line 3, insert:

(b) In section 103 (b), after the word "chapter", insert "and of section 124".

Page 2, line 4, strike out "(b)" and insert "(c)".

Page 2, line 12, strike out "(c)" and insert "(d)".

Page 2, line 24, strike out "(d)" and insert "(e)".

Page 3, line 3, strike out "(e)" and insert "(f)".

Page 3, line 7, strike out "(f)" and insert "(g)".

Page 3, beginning on line 11, strike out "by adding, after section 123, the following new section:" and insert:

as follows:

(a) In section 121, which relates to southeast Asia and the western Pacific, strike out the fourth word of the third sentence, "section", and insert "title".

(b) Add after section 123 the following new section:

Page 4, line 6, strike out "\$70,000,000" and insert "\$92,000,000".

Page 4, line 7, before the semicolon insert:

not less than \$50,000,000 of the funds made available under the authority of this subsection shall be used for assistance to Spain in accordance with the provisions of this section.

Page 4, line 9, before the semicolon insert:

: *Provided*, That the amount made available for Greece for fiscal year 1956 shall not be less than that made available for such country for fiscal year 1955

Page 5, line 7, after "follows:", insert:

After "SEC. 142. AGREEMENTS.—" insert "(a)";



Page 5, line 8, strike out "subsection" and insert "paragraph".

Page 5, line 9, after the semicolon insert "and".

Page 5, line 10, strike out "subsection" and "paragraph" and insert "paragraph" and "subparagraph", respectively.

Page 5, line 11, after the colon insert:

and in lieu of all of that part of the present paragraph (11) which precedes subparagraph (i) thereof, insert the following:

Page 5, line 12, strike out "(11)" and insert "(b)".

Beginning on page 7, strike out line 25, and lines 1 to 3, inclusive, on page 8, and insert:

(b) In section 402, which relates to the sale of surplus agricultural commodities, strike out "\$350,000,000" and insert in lieu thereof "\$600,000,000".

Page 8, strike out lines 16 to 20, inclusive.

Page 8, line 21, strike out "(3)" and insert "(2)".

Page 9, line 1, strike out "(4)" and insert "(3)".

Beginning on page 9, strike out lines 21 and 22, and lines 1 and 2 on page 10.

Page 10, line 3, strike out "(h)" and insert "(g)".

Page 10, line 21, strike out "(i)" and insert "(h)".

Page 10, line 23, strike out "1,300,000" and insert "\$1,300,000".

Page 11, line 1, strike out "(j)" and insert "(i)".

Page 11, line 10, after "title", strike out the arabic numeral "1" and insert a roman numeral "I".

Page 12, line 1, strike out "(k)" and "section" and insert "(j)" and "sections", respectively.

Page 13, line 6, insert "friendly" before "foreign government".

Page 13, line 7, insert "friendly" before "governments".

Page 13, line 18, strike out the quotation mark.

Page 13, after line 18, insert:

"SEC. 419. WORLD HEALTH ORGANIZATION.—Section 3 (a) of Public Law 643, Eightieth Congress, approved June 14, 1948, as amended, is hereby amended to read as follows:

"(a) such sums as may be necessary for the payment by the United States of its share of the expenses of the Organization as apportioned by the Health Assembly in accordance with article 56 of the constitution of the Organization, except that payments by the United States for any fiscal year of the Organization after 1958 shall not exceed 33½ per centum of the total assessments of active members of the Organization for such fiscal year; and".

"SEC. 420. JOINT COMMISSION ON RURAL DEVELOPMENT.—(a) The Secretary of State, after consultation with the Director, is hereby authorized to conclude an agreement with the Republic of the Philippines establishing a Joint Commission on Rural Development in the Philippines, to be composed of two citizens of the United States appointed by the President of the United States and three citizens of the Philippines appointed by the President of the Republic of the Philippines. Such Commission shall formulate and carry out a program for development of the rural areas of the Philippines, which shall include such research and training activities as may be necessary or appropriate for such development: *Provided*, That assistance furnished under this section shall not be construed as an express or implied assumption by the United States of any responsibility for making any further contributions to carry out the purposes of this section.

"(b) Insofar as practicable, an amount equal to not more than 10 per centum of the funds programed in any fiscal year for the Republic of the Philippines under title I, chapter 3, and title III of this Act shall be used to carry out the purposes of subsection (a) of this section."

Page 13, strike out lines 22 to 25, inclusive.

Page 14, line 1, strike out "(b)" and insert "(a)".

Page 14, line 8, strike out "(c)" and insert "(b)".

Page 14, line 10, strike out "(d)" and insert "(c)".

Page 14, strike out lines 21 and 22 and insert:

(d) In section 509, which relates to shipping on United States vessels, insert "(except surplus agricultural commodities)" after "commodities", and add the following sentence at the end thereof:

Page 16, beginning on line 16, strike out "by adding after section 547, the following new sections:" and insert:

as follows:

(a) At the end of section 544, which relates to amendments to other laws, add the following new subsections:

"(c) The first sentence of section 2 of the Act of June 27, 1942, entitled 'An Act to exempt from duty personal and household effects brought into the United States under Government orders', as amended (U. S. C., title 50 App., sec. 802), is hereby further amended by striking out '1955' and inserting in lieu thereof '1956'."

"(d) Public Law 480, Eighty-third Congress (68 Stat. 454), is hereby amended by adding after section 305 the following new section:

"Sec. 306. In order to carry out more effectively the policies and purposes of this Act, the President may exercise the authority provided herein without regard to the provisions of section 901 (b) of the Merchant Marine Act of 1936, as amended, or any other law relating to the ocean transportation of commodities, materials, and equipment on United States-flag vessels."

(b) After section 547 add the following new sections:

Page 17, line 10, after "549.", insert "(a)".

Page 18, line 1, after "United States", insert "to a greater extent".

Page 18, line 3, strike out the quotation mark.

Page 18, after line 3, insert:

"(b) It is the sense of the Congress that assistance under this Act shall be administered so as to assist other peoples in their efforts to achieve self-government or independence under circumstances which will enable them to assume an equal station among the free nations of the world."

SEC. 12. It is hereby declared to be the continuing sense of the Congress that the Communist regime in China has not demonstrated its willingness to fulfill the obligations contained in the Charter of the United Nations and should not be recognized to represent China in the United Nations.

## INTRODUCTION

### PURPOSE OF THE BILL

The bill authorizes the funds necessary for carrying forward the mutual security program along the lines established in last year's comprehensive legislation (Public Law 665, 83d Cong.)

All aspects of the program were scrutinized by the committee during its consideration of the bill, and certain phases of our aid efforts were completely reexamined because important developments during the past year have raised questions as to their effectiveness.

This year, for the first time since the beginning of the foreign assistance program, the committee did not feel it necessary to re-evaluate the fundamental premises on which the mutual security program is based, or to question whether after a careful balancing of the risks and advantages it was worthwhile to authorize the continuation of the program. There is today evidence on every continent that the mutual security program has begun to give us important foreign policy advantages. The reaction of the free peoples of the Far East to the blandishments of communism at Bandung; the final joining together of the United Kingdom, France, Germany, Italy, Belgium, Luxembourg, and the Netherlands for defense in the Western European Union; the determined elimination of communism by Guatemala with the united support of the other American Republics, as well as the apparent reorientation of Soviet diplomacy, can all be



cited as indications that the course on which the United States has embarked should not be abandoned.

The evidence that the mutual security program has begun to show a return on our enormous investment in it makes it particularly important that its full effectiveness should be maintained. The danger to the free world from Communist aggression remains. Our allies, who for the first time in long years of gloom and tension may feel an inclination to relax, need the assurance of our continued backing. The peoples of the newer nations and the underdeveloped areas of the world need tangible encouragement to avoid the dangers of Soviet imperialism.

The committee recognizes the importance of curtailing United States expenditures in every way possible. It believes that there can be no practical alternative today but to implement this program.

The following table shows the executive request for the Mutual Security Act for fiscal year 1956, the amounts authorized by the Senate, and the amounts recommended by the committee. Title, chapter, and section references are to those contained in the Mutual Security Act of 1954.

Category	Executive request	Senate, S. 2090	Committee on Foreign Affairs recommendation	Differences between Senate bill and committee recommendations
<b>Title I. Mutual defense assistance:</b>				
Ch. 1. Military assistance (sec. 103).....	\$1, 278, 000, 000	\$1, 278, 000, 000	\$1, 133, 000, 000	—\$145, 000, 000
Ch. 2. Direct forces support (sec. 124).....	317, 200, 000	317, 200, 000	317, 200, 000	-----
Ch. 3. Defense support (sec. 131):				
Europe.....	70, 000, 000	70, 000, 000	92, 000, 000	+22, 000, 000
Near East and Africa.....	102, 500, 000	102, 500, 000	102, 500, 000	-----
Asia.....	827, 800, 000	827, 800, 000	827, 800, 000	-----
<b>Total, title I.....</b>	<b>2, 595, 500, 000</b>	<b>2, 595, 500, 000</b>	<b>2, 472, 500, 000</b>	<b>—123, 000, 000</b>
<b>Title II. Development assistance:</b>				
Near East and Africa.....	73, 000, 000	73, 000, 000	73, 000, 000	-----
Asia.....	71, 000, 000	71, 000, 000	71, 000, 000	-----
Latin America.....	21, 000, 000	38, 000, 000	38, 000, 000	-----
<b>Total, title II.....</b>	<b>165, 000, 000</b>	<b>182, 000, 000</b>	<b>182, 000, 000</b>	-----
<b>Title III. Technical cooperation:</b>				
Sec. 304. Bilateral.....	146, 500, 000	146, 500, 000	146, 500, 000	-----
Sec. 306. Multilateral:				
(a) United Nations technical assistance.....	24, 000, 000	24, 000, 000	24, 000, 000	-----
(b) Organization of American States.....	1, 500, 000	1, 500, 000	1, 500, 000	-----
<b>Total, title III.....</b>	<b>172, 000, 000</b>	<b>172, 000, 000</b>	<b>172, 000, 000</b>	-----
<b>Title IV. Other programs:</b>				
Sec. 401 (b). Special fund.....	100, 000, 000	100, 000, 000	100, 000, 000	-----
Sec. 403. Joint control areas.....	21, 000, 000	21, 000, 000	21, 000, 000	-----
Sec. 405:				
(a) Movement of migrants.....	12, 500, 000	12, 500, 000	-----	—12, 500, 000
(c) United Nations Refugee Fund.....	1, 400, 000	1, 400, 000	1, 400, 000	-----
(d) Selected escapees.....	6, 000, 000	6, 000, 000	6, 000, 000	-----
Sec. 406. Children's welfare.....	14, 500, 000	14, 500, 000	14, 500, 000	-----
Sec. 407. Palestine refugees.....	65, 000, 000	65, 000, 000	65, 000, 000	-----
Sec. 408. North Atlantic Treaty Organization.....	3, 700, 000	3, 700, 000	-----	—3, 700, 000
Sec. 409. Ocean freight charges:				
(c) Voluntary packages.....	2, 000, 000	2, 000, 000	2, 000, 000	-----
(d) Surplus agricultural commodities.....	13, 000, 000	13, 000, 000	13, 000, 000	-----
Sec. 410. Control Act expenses.....	1, 175, 000	1, 175, 000	1, 175, 000	-----
Sec. 411. Administrative and other expenses.....	35, 225, 000	35, 225, 000	35, 225, 000	-----
Sec. 418. Asian Development Fund.....	200, 000, 000	200, 000, 000	200, 000, 000	-----
<b>Total, title IV.....</b>	<b>475, 500, 000</b>	<b>475, 500, 000</b>	<b>459, 300, 000</b>	<b>—16, 200, 000</b>
<b>Total.....</b>	<b>3, 408, 000, 000</b>	<b>3, 425, 000, 000</b>	<b>3, 285, 800, 000</b>	<b>—139, 200, 000</b>

The following table compares the appropriations for fiscal year 1955 with the sums recommended by the committee for fiscal year 1956.

Category	Fiscal year 1955 approp- riation	Recommended for fiscal year 1956
<b>Title I. Mutual defense assistance:</b>		
Ch. 1. Military assistance (sec. 103) .....	\$1, 192, 700, 000	\$1, 133, 000, 000
Ch. 2. Direct forces support .....	795, 000, 000	317, 200, 000
Ch. 3. Defense support .....	406, 098, 195	1, 022, 300, 000
Total, title I .....	2, 393, 798, 195	2, 472, 500, 000
<b>Title II. Development assistance:</b>		
Near East and Africa .....	115, 000, 000	73, 000, 000
Asia .....	60, 500, 000	71, 000, 000
Latin America .....	9, 000, 000	38, 000, 000
Total, title, II .....	184, 500, 000	182, 000, 000
<b>Title III. Technical cooperation:</b>		
Sec. 304. Bilateral .....	105, 000, 000	146, 500, 000
Sec. 306. Multilateral:		
(a) United Nations technical assistance .....	9, 957, 621	24, 000, 000
(b) Organization of American States .....	1, 500, 000	1, 500, 000
Total, title III .....	116, 457, 621	172, 000, 000
<b>Title IV. Other programs:</b>		
Sec. 401. Special Fund .....		100, 000, 000
Sec. 403. Joint control areas .....	25, 000, 000	21, 000, 000
Sec. 405:		
(a) Movement of migrants .....	10, 000, 000	
(c) United Nations Refugee Fund .....		1, 400, 000
(d) Selected escapees .....		6, 000, 000
Sec. 406. Children's welfare .....	12, 500, 000	14, 500, 000
Sec. 407. Palestine refugees .....		65, 000, 000
Sec. 408. North Atlantic Treaty Organization .....	1, 169, 000	
Sec. 409. Ocean freight .....	4, 400, 000	15, 000, 000
Sec. 410. Control Act expenses .....	1, 175, 000	1, 175, 000
Sec. 411. Administrative expenses .....	32, 500, 000	35, 225, 000
Sec. 418. Asiatic Development Fund .....		200, 000, 000
Total, title IV .....	86, 744, 000	459, 300, 000
Grand total .....	2, 781, 499, 816	3, 285, 800, 000

In addition to the \$2,781,499,816 appropriated last year, the Congress also appropriated a carryover of \$2,462,075,979, a total appropriation of \$5,243,575,795 for fiscal year 1955.

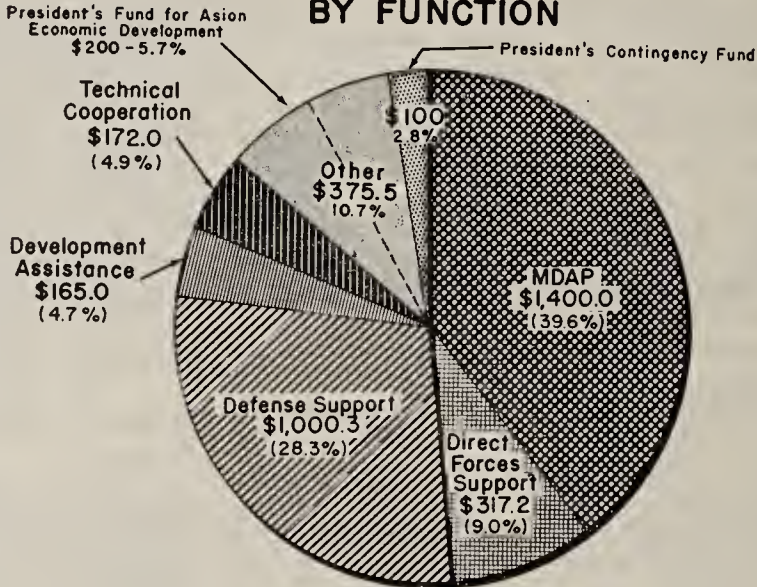


Chart shows program as submitted by executive branch—not funds authorized in bill as reported.

## THE PROGRAM FOR FY 1956

( \$ Millions )

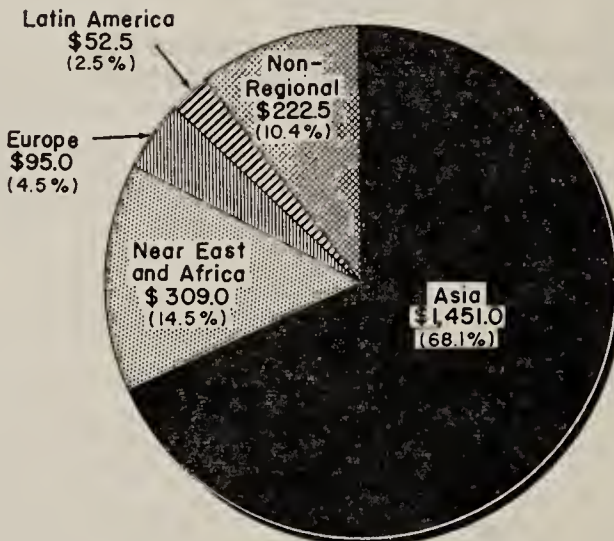
### BY FUNCTION



\$ 3,530 Million

### BY AREA

( Excluding MDAP )



\$ 2,130 Million

( Excluding MDAP )

## Distribution of fiscal year 1956 program by region, country, title, and function

[In millions of dollars]

Region and country	Title I, military assistance				Title II, development assistance	Title III, technical cooperation	Title IV, other programs	Total
	Chapter 1, military assistance	Chapter 2, Southeast Asia, the Western Pacific, and direct support	Chapter 3, defense support	Title I, total				
Total, all programs.....	1,133.0	317.2	1,022.3	2,472.5	182.0	172.0	459.3	3,285.8
Military assistance.....	1,133.0			1,133.0				1,133.0
Programs other than military assistance, total.....		317.2	1,022.3	1,339.5	182.0	172.0	459.3	2,152.8
Europe, total.....		4.0	92.0	96.0			21.0	117.0
Spain.....								
Yugoslavia.....			50.0	50.0				50.0
Joint control area.....		4.0	36.5	40.5				40.5
Western Europe technical exchange.....			5.5	5.5			21.0	21.0
Near East and Africa, total.....		27.5	102.5	130.0	73.0	41.0	65.0	309.0
Egypt.....						4.0		4.0
Ethiopia.....						3.4		3.4
Greece.....			115.0	115.0		1.5		16.5
Iran.....				45.0		10.0		55.0
Iraq.....		7.5	37.5	45.0		2.3		2.3
Israel.....						2.0		2.0
Jordan.....						2.8		2.8
Lebanon.....						2.5		2.5
Liberia.....						1.8		1.8
Libya.....						2.0		2.0
Turkey.....		20.0	50.0	70.0		2.5		72.5
Overseas territories.....						4.0		4.0
Regional.....						2.2		2.2
Palestine refugees in the Near East.....							65.0	65.0
Undistributed by country.....					73.0			73.0

<sup>1</sup> This is the figure submitted by the executive branch. The committee increased it to an amount not less than that made available in fiscal year 1955 which was \$26,200,000. This additional sum will be taken from other programs. It does not increase the total amount in the bill.





Nicaragua.....						9	
Panama.....						1.3	1.3
Paraguay.....						1.5	1.5
Peru.....						2.7	2.7
Uruguay.....						.4	.4
Venezuela.....						.2	.2
Overseas Territories.....						1.1	1.1
Regional.....						1.2	1.2
Organization of American States (OAS).....						1.5	1.5
Nonregional programs, total.....						33.0	173.3
U. N. expanded program of technical assistance.....						24.0	24.0
Interregional expenses.....						9.0	9.0
Refugees and migrants:							
Intergovernmental Committee for European Migration.....							
United Nations Refugee Fund.....							
Escapee program.....						1.4	1.4
North Atlantic Treaty Organization (civilian headquarters).....						6.0	6.0
Ocean freight:						14.5	14.5
Voluntary relief shipments.....							
Surplus agricultural commodities.....						2.0	2.0
Control Act expenses.....						13.0	13.0
Administrative expenses (other than military assistance).....						1.2	1.2
Special Presidential fund.....						38.2	38.2
						100.0	100.0



## PROVISIONS OF THE BILL

## SECTION 2—MILITARY ASSISTANCE

*Subsection (a)—Authorization for military assistance*

The authorization for military assistance in the bill is \$1,133 million. This is a reduction of \$59.7 million from last year's appropriation of \$1,192,700,000. The figure generally publicized as the amount of the Executive request for authorization of military assistance for fiscal 1956 has been \$1,400 million. This figure, however, includes \$122 million for infrastructure which was authorized last year (Public Law 665, 83d Cong., sec. 104). The actual Executive request for military assistance funds considered by the committee was \$1,278 million. This was cut \$145 million by the committee.

The program for military assistance was presented to the committee on a different basis than has been the case in previous years. In prior years, detailed tentative programs on a country-by-country and item-by-item basis have been submitted in support of the Department of Defense request for new funds. The presentation of detailed tentative materiel programs on an item-by-item basis for each country has proved to be unrealistic because changes in the international situation involving new and different military requirements and transfers of military assistance funds within the MDAP as well as to other mutual security programs have required major revisions of end-item programs. Since the detailed tentative programs presented in the past have undergone considerable change during the course of actual implementation, and since the Department of Defense international security plan has not, as yet, been developed to the point where it can provide the necessary guidance, an interim, yet realistic approach has been adopted which provides for a program for fiscal year 1956 covering only the most necessary funds to continue our foreign alliance expenses and commitments.

The following table summarizes the use of the military assistance funds for fiscal year 1956 as submitted to the committee:

*Department of Defense mutual defense assistance program, fiscal year 1956 estimates  
(in millions of dollars)*

<i>Category</i>	<i>Value</i>
I. Administrative expenses-----	\$24.0
II. Protection of the investment:	
Maintenance and spare parts-----	274.2
Training-----	90.1
Packing, crating, handling, and transportation-----	144.0
III. Commitments:	
Support of international military headquarters-----	5.5
Infrastructure-----	122.0
Military assistance commitments-----	524.8
IV. Projects for improvement:	
Mutual weapons development-----	50.0
Facilities assistance-----	20.0
V. Balance of fiscal year 1956 for requirements exceeding \$1.5 billion-----	145.4
Total-----	1,400.0

The amount for infrastructure, \$122 million, has already been authorized (but not appropriated). The committee in reducing the authorization by \$145 million intended that the last item in the table, which was presented as being essentially a reserve for contingencies, should be eliminated.

The largest item in the table, \$524,800,000, is for military assistance funds needed to carry out commitments made to specific nations in connection with commitments by such nations to raise a specified number of troops, to permit us to build bases and similar military undertakings.

It should be emphasized that the actual deliveries of military end items to other nations during fiscal 1956 will be financed primarily with funds already available from previous appropriations. A better indication of the amount and distribution of United States military assistance to various parts of the world can be derived from examining the following tabulation showing the portions of programs already financed which have not yet been accomplished than can be obtained from studying the authorization for new funds contained in the bill.

*Military assistance programs already financed remaining to be accomplished as of Jan. 31, 1955*

Europe.....	\$5, 246, 327, 000
Near East and South Asia.....	730, 037, 000
Far East and Pacific.....	1, 260, 984, 000
Latin America.....	56, 009, 000
Total financed but not accomplished.....	17, 779, 830, 000

<sup>1</sup> This total is larger than the sum of the area figures listed since it includes certain nonregional programs.

The committee is convinced that this very large program for providing military assistance to our allies should go forward. Any action which might interrupt the flow of equipment on the way, or which might encourage other nations to relax their efforts would be disastrous. As the following statement by Gen. Alfred M. Gruenther, Supreme Allied Commander, Europe, indicates, too much has already been accomplished to consider any reduction of our basic objectives. General Gruenther said (p. 169 of hearings):

The NATO nations have created in Western Europe an important defensive capability. We have a twofold mission. We must, of course, use our military strength to defeat the enemy as quickly and as effectively as we can; we must, however, at the same time, prevent the overrunning of NATO territory.

I would like to make it quite clear that these two objectives, these two missions, are not identical. They may impose different demands on different forces. We do not have today the same degree of capability to do both jobs. It must be recognized, however, that both of these objectives are of prime importance. Obviously our military strength, once committed to war, must seek the defeat of the enemy. That objective requires little explanation or discussion. Our other objective, defending and holding territory, has a particular importance to those partners of ours who are closer to the Soviet military might.

The United States has never experienced an invasion, an occupation, and then a liberation. We have partners, however, who have experienced all three and have experienced them recently. No one of those nations looks forward to repeating those experiences. The NATO alliance therefore makes provision for the strongest possible efforts to defend the territory of its members.

Of course, the important question is: "How well are we prepared to accomplish these two objectives?" The answer with respect to the first one, viz: "Could we defeat the enemy if unfortunately an attack should come now?" is "Yes." This is primarily because of our long-range air capability. In this stage of technological development, offensive airpower has a big advantage over the defensive. This fact, plus our powerful long-range Air Force, enables us to say that the enemy would be defeated today. This is of fundamental importance to the entire NATO alliance. It is a capability which we must maintain and develop in order that it may retain its vital strength. For myself, I am satisfied that our long-range airpower is better and more effective than the comparable Soviet military organization. I believe that the edge which we have now will remain with us



for some time into the future if we determine that it should be that way. I would not like to predict how long this will be true; all predictions of this sort are dangerous for very evident reasons. In this case there is a particular danger because, obviously, the Soviets will bend their best efforts to counteract this key military capability of ours. However, regardless of predictions and recognizing what is reasonable and probably within Soviet capability, the important thing appears to me to be that we recognize that it is vital that we keep the lead we have and that we act upon that recognition. I believe that we can do it; I believe that we will.

### *Aid to Yugoslavia*

The committee gave special consideration to the situation in Yugoslavia and explored carefully the question of continuing assistance to that country. The committee reached the conclusion that no specific limitations should be imposed on the supplying of aid to that country. Testimony disclosed, however, that the Yugoslav Government has not been fully cooperative in carrying out the requirement of the Mutual Security Act that United States representatives be permitted "continuous observation and review" of the use made of equipment supplied by the United States.

The provisions of the law are clear in this respect and the committee believes that United States officials responsible for the administration of the mutual assistance program have not been sufficiently insistent that the Government of Yugoslavia live up to the terms of its agreements. The committee has refrained from including in the bill legislative restrictions on further assistance to Yugoslavia only because it is confident that henceforth the letter and the spirit of the law will be carefully observed.

### *Subsection (b)—Administrative expenses—Direct forces support*

Through inadvertence, this change was omitted from the bill originally proposed by the executive branch. The change is necessary to permit the Department of Defense to pay administrative and operating expenses of carrying out the fiscal year 1956 program of direct forces support authorized by the proposed new section 124 of the act. It is expected that this function will be assigned to the Secretary of Defense in the forthcoming Executive order of the President implementing the fiscal year 1956 mutual-security program. Section 8 (j) (2) of the bill as passed by the Senate, which authorizes the appropriation of administrative funds for nonmilitary programs, does not permit those funds to be used for section 124 programs. Therefore, section 103 (b), relating to administration of military assistance programs, should be amended to make funds available for this purpose.

### *Subsection (c)—Offshore procurement*

This section repeals section 103 (c) of the Mutual Security Act of 1954. That section provides that the military assistance funds may be used to procure equipment or materials outside the United States unless the President determines that one or more of four conditions will result from such purchases: (1) adverse effects upon the economy of the United States; (2) inadequate safeguards against sabotage; (3) unjustifiable cost in comparison with procurement in the United States; and (4) delays in delivery incompatible with United States defense objectives.

In testimony before the committee Hon. H. Struve Hensel, Assistant Secretary for International Security Affairs, Department of Defense, expressed the underlying philosophy in these words;

I believe the primary purpose of offshore procurement is to build up in Europe an industrial base that will sustain the military forces that we are building there, and that our ultimate objective is to get out of the offshore procurement business and get the other countries in, and that we place orders in the beginning—and I am thinking particularly of the countries that we hope economically will later be able to support themselves [security deletion] or something like that—on the thought that we are getting them over their starting-up costs; over those extra costs before they get a finished production line.

Therefore, I would be much more interested in the country that came to me and said, "Well, now, we cannot pick this up entirely, this year, but if you will place an order for X we will place an order for half X this year and next year we will take the one and a half X off your hands next year." This appeals to me and I think we should have more freedom to approach offshore procurement on that basis (hearings, p. 233).

The application of the criteria in section 103 (c) has slowed up the offshore procurement program. The repeal of that section should help put our allies in a position where they can provide more of their military equipment instead of receiving it as a gift. The committee is confident that in seeking this objective the President will administer the offshore procurement program in a manner that will take account of the criteria expressed in section 103 and, at the same time, provide him the flexibility that he should have if the program is to move forward.

The repeal of section 103 (c) covers only procurement from military assistance funds. It does not affect section 510 of the Mutual Security Act of 1954, relating to use of defense support and development assistance funds for offshore procurement.

*Credit terms for military assistance.*—This section substitutes a new subsection 103 (c) in place of the present section 103 (c). The proposed new subsection 103 (c) deals with a kind of transaction different on the one hand from the sale of military equipment and materials under section 106 of the act (commonly referred to as reimbursable military aid) and different on the other hand from the furnishing of military aid by grant or on a long-term loan basis. Under section 106 of the existing act there is authority to sell military equipment and materials. Such sales may be made for dollars on credit periods up to 3 years and credit sales are financed under the act by regular Army, Navy, or Air Force appropriations rather than military assistance appropriations. (Payment from the foreign country goes back to the Military Department appropriation.) Section 106 provides that sales may be made without regard to the requirements of section 105 of the act (conditions applicable to military assistance) and sections 141 and 142 of the act (conditions of eligibility for assistance).

On the other hand, section 102 of the act authorizes the furnishing of military assistance on terms of repayment (including repayment in local currency or raw materials) if the provisions of sections 105, 141, and 142 are adhered to. If the authority of section 102 is used, military assistance appropriations are used to reimburse the military departments for the equipment which is furnished, and there is no limit on the time period within which repayment must be made. Payment from the foreign country goes to the United States Treasury.



The proposed new subsection 103 (c) of the act authorizes something in between these other two programs. Under the authority of the new subsection, in those cases in which a country is willing to repay the United States within 10 years for military assistance furnished, it will be possible to make such assistance available without regard to the requirements of sections 105, 141, and 142. Military assistance appropriations will be used to finance such credits.

*Subsection (d)—Western European Union*

The present law provides that after the delivery to countries which have signed the European Defense Community of equipment and materials of the value programmed for those countries through fiscal year 1953, no further deliveries may be made to any such country which has not ratified the treaty. Since the enactment of the existing provision on this matter, the EDC proposal has been replaced by the alternative arrangements of the Western European Union and the admission of Germany into NATO. Since the purposes of the present provision of the law have been largely brought about through these alternative arrangements, the reference to EDC is deleted and replaced by a statement of policy, derived from section 2 (b) of the Mutual Security Act of 1951, that the act should be so administered as to support concrete measures to promote greater political federation, military integration, and economic unification in Europe.

*Subsections (e) and (f)—Area designations*

These sections amend the names of two of the geographic areas referred to in section 105 of the act (relating to conditions applicable to military assistance) to conform to the uniform regional designations used in the description of the fiscal year 1956 mutual security program. In the military program the change reflects the shift of Pakistan for programming purposes from the area formerly designated as "Near East, Africa, and South Asia" to the area formerly designated as "Far East and the Pacific." The new area designations are "Near East and Africa" and "Asia", respectively.

*Subsection (g)—Transfer of military equipment to Japan*

This section amends section 108 of the act (relating to the transfer of a special program of military assistance to Japan) by extending for 1 year the time within which the special military assistance program must be completed. There would be no change in the character of the program, which consists of the delivery of specialized items of military equipment and materials for which regular Department of Defense appropriations were obligated prior to July 1, 1953. Less than 3 percent of the original program remains undelivered. Delays in delivery have been due to diversion of equipment to Formosa, delayed release of United States equipment from Korea and delays in production in Japan. Funds from current appropriations of the military departments are being used to pay current costs incident to the delivery of this list of items. The section as amended will continue the prohibition against the use of appropriations for military assistance in connection with deliveries under this special program.

## SECTION 3—DIRECT FORCES SUPPORT

This section authorizes \$317,200,000 for direct forces support. The planned distribution of these funds to individual countries is shown in the following tabulation:

*Direct forces support*

Europe (1.26 percent): Yugoslavia-----	\$4, 000, 000
<hr/>	
Near East and Africa (8.67 percent):	
Iran-----	7, 500, 000
Turkey-----	20, 000, 000
<hr/>	
Total-----	27, 500, 000
<hr/>	
Asia (90 percent):	
Pakistan-----	20, 000, 000
China (Formosa)-----	37, 000, 000
Korea-----	180, 000, 000
Philippines-----	2, 300, 000
Thailand-----	8, 200, 000
Cambodia, Laos, Vietnam-----	38, 200, 000
<hr/>	
Total-----	285, 700, 000
<hr/>	
Total, direct forces support-----	317, 200, 000

The type of program represented by this authorization of \$317,200,000 was carried out in fiscal year 1955 by the FOA. In line with Executive Order 10610, issued on May 9, 1955, it is expected that, as a part of the fiscal year 1956 Executive order on the administration of the mutual security program, the President will direct the Department of Defense to administer the direct-forces-support program in fiscal year 1956. The items and services in the fiscal year 1956 program are such that they will be delivered or rendered directly to the military forces of the nations eligible for military assistance under chapter I of title I of the act. They include such things as jet fuel, gasoline, tractors, runway-paving equipment, and emergency rations.

The new section provides that the President may, notwithstanding the provisions of section 501 (which authorizes transfers), consolidate all or any part of appropriations made pursuant to this section with the appropriations made pursuant to section 103 of the act (military assistance). If the President decides to make such a consolidation, and if he so elects, the consolidated appropriation will be available for programs of a type prepared by the Department of Defense for fiscal year 1956 under the heading of "Military assistance" or for programs like those represented by the \$317,200,000 request. Whether or not such consolidation of appropriations takes place, the new section 124 provides that programs authorized by it may be administered in accordance with the provisions of chapter 1 of title I, relating to military assistance, or chapter 3 of title I, relating to defense support. Thus, in carrying out the program in Korea the President may take advantage, if necessary, of the authority provided by section 132 (d) to furnish assistance without regard to the other provision of title I of the act.



## SECTION 4—DEFENSE SUPPORT

This section authorizes defense support in the following amounts:

Europe (excluding Greece and Turkey).....	\$92, 000, 000
Near East (including Greece and Turkey).....	102, 500, 000
Asia.....	827, 800, 000
Total.....	1, 022, 300, 000

This represents an increase of \$22 million (for Europe) over the amount recommended by the executive branch. The planned distribution of these funds among areas and countries as originally recommended by the Executive is indicated in the following table:

*Defense support (as recommended by the Executive)*

Europe (except Greece and Turkey) (7 percent):

Spain.....	<sup>1</sup> \$28, 000, 000
Yugoslavia.....	36, 500, 000
Western European technical exchange.....	5, 500, 000
Total.....	70, 000, 000

Near East (including Greece and Turkey) and Africa (10.3 percent):

Greece.....	<sup>2</sup> 15, 000, 000
Iran.....	37, 500, 000
Turkey.....	50, 000, 000
Total.....	102, 500, 000

Asia (82.7 percent):

Pakistan.....	63, 000, 000
China (Formosa).....	62, 000, 000
Korea.....	272, 000, 000
Philippines.....	19, 700, 000
Thailand.....	31, 800, 000
Cambodia, Laos, and Vietnam.....	379, 300, 000

Total.....	827, 800, 000
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Total, defense support.....	1, 000, 300, 000
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<sup>1</sup> The committee increased this sum to \$50 million. See explanation below.

<sup>2</sup> The committee increased this sum to an amount not less than that made available in fiscal year 1955 which was \$26,200,000. This additional sum will be taken from other programs. See explanation below.

The term "defense support" is applied to economic assistance supplied to nations which are carrying out a defense program in order to increase the defense burden which such nations can carry.

Experience with the military assistance program has demonstrated that expenditures of this nature which do not go directly to equip and maintain armed forces, nevertheless result in increasing the magnitude of the defense forces and facilities of other nations.

The bill requires that not less than \$50 million of the funds authorized under this section for Europe shall be used to give defense support to Spain. This requirement together with the increase in funds authorized is regarded as desirable to facilitate the Spanish defense effort and particularly the construction of United States military bases in that highly strategic area.

The committee amended the proposed new subsection (c), paragraph (2) by providing that there shall be made available to Greece for fiscal year 1956 the same amount of defense support made available to that country for fiscal year 1955. In fiscal year 1955, exclud-

ing certain other assistance, \$26,200,000 of defense support was made available. It is the intent of the committee that no less than \$26,200,000 of defense support assistance shall be made available to Greece for fiscal year 1956. This amount should enable Greece, by bolstering her economy, to maintain her army at a level commensurate with NATO force goals.

#### *Marine insurance*

This provision adds a new subsection which provides that dollars shall be made available for marine insurance on commodities procured in the United States for the mutual security program where such insurance is placed on a competitive basis or, in the event a foreign country discriminates in any way against American insurance companies, then such marine insurance on shipments of commodities shall be placed exclusively with United States marine insurance companies.

Under present FOA regulations—

dollar payments of premiums of ocean marine insurance \* \* \* on FOA-financed commodities procured in the United States will be eligible for financing by FOA \* \* \*

at the request of the cooperating country.

Testimony before the committee developed the fact that since World War II some 17 countries have enacted restrictive insurance laws or regulations which have had the effect of giving to the insurance markets of those countries a virtual monopoly of the marine insurance on shipments to and from those countries. Under normal competitive conditions of international competition for the insurance on shipments, the seller and buyer of the goods usually come to a mutually satisfactory agreement for the placing of the insurance. However, the source of the difficulty on FOA shipments is the insistence by FOA that it will not make dollars available for insurance coverage unless requested to do so by the government of the participating country. Under FOA regulations all that the foreign government must do is neglect or refuse to request dollars for insurance and both seller and buyer are effectively prevented from using the American market even when they prefer to do so.

Consideration has been given to the problem of discrimination in regard to marine insurance by the United Nations.

The committee believes that this provision will prevent such discrimination in the future.

#### SECTION 5—DEPOSIT OF LOCAL CURRENCY

This section extends to development assistance the requirement for the deposit of local currency, when commodities are supplied on a grant basis and are then sold. Previously such deposits had been required only in the case of direct forces support and defense support.

The amendment also makes clear that it is necessary to obtain agreement on local currency deposit procedures only where assistance to be furnished will actually result in the accrual of such local currencies.

Although the deposit of local currency is required only in the cases cited above, the committee expects that local currency deposits will be required whenever commodities supplied under other provisions of the act are sold unless special circumstances make such action inadvisable.



## SECTION 6—DEVELOPMENT ASSISTANCE

Funds authorized for development assistance total \$182 million, divided as follows:

Near East and Africa (40.1 percent): Undistributed by country	\$73, 000, 000
Asia (39 percent):	
India	70, 000, 000
Nepal	1, 000, 000
Total	71, 000, 000
American Republics (20.9 percent):	
Bolivia	20, 000, 000
Guatemala	15, 000, 000
Haiti	3, 000, 000
Total	38, 000, 000

*Subsection (a) (1)* amends section 201 (a) of the Mutual Security Act of 1954, which authorizes funds for development assistance in three regions for fiscal year 1955. The first clause of this paragraph changes the regional designation in section 201 (a) (2) from "South Asia" to "Asia" to correspond with the uniform regional designation now to be used.

The second clause amends section 201 (a) (3) by adding as a stated purpose of development assistance in Latin America the maintenance of economic and political stability in that area. This change makes the definition of development assistance for Latin America correspond with the definition for the other two areas, and provides a more complete description of the objectives of the programs presently planned under this section for Bolivia, Guatemala, and Haiti.

The third clause of this paragraph removes the restriction in title II that 30 percent of the funds appropriated for that title shall be available only for assistance on terms of repayment. The authority will remain to furnish development assistance on a loan or grant basis as is the case with other programs. Eliminating this restriction will permit the furnishing of assistance on a loan or grant basis as circumstances may justify in each case.

Testimony presented to the committee indicated that a percentage figure is interpreted by recipient countries as a maximum loan figure rather than a minimum. Without such a limitation the administration believes it will be possible to increase the loans for development assistance. For fiscal year 1955 about 40 percent of the money in title II was used for loans. The committee expects the administration to continue to press for loans as a basis of assistance.

*Subsection (a) (2)—Authorizations*

*Near East and Africa.*—In the Near East development assistance has been an important means of tackling the economic problems of that area. During the past year Israel, Egypt, Lebanon, and Jordan have been the beneficiaries of such aid. United States objectives in the Arab States and Israel, however, cannot be served with technical cooperation programs alone. The achievement of these objectives requires economic development at a pace which cannot be accomplished without external assistance. Development assistance has been given in past years to Jordan, Lebanon, Egypt, and Israel. In Egypt the

United States development assistance program is principally directed toward improvement in road and rail transportation facilities and increasing the supply of potable water; this aid is in support of Egypt's 10-year economic development program. In Jordan, United States aid is used to help forward development projects in irrigation, afforestation, road building, and community development. United States aid to Israel has helped that Government assimilate its refugees while helping to improve its foreign exchange position. Increases have resulted in industrial and agricultural production; land area under cultivation has been tripled since the creation of the State.

*Asia.*—Except for a small program in Nepal, India is the only country in Asia to receive development assistance funds for fiscal year 1956. Seventy million dollars is planned for this purpose.

Before the committee reached a decision on further assistance to India, it carefully considered the effects of such assistance not alone on India but in the larger context of our Asian policy. It is clear that India's foreign policy is often divergent from that which the United States pursues. The committee believes that neutral or even hostile expressions by Indian Government leaders must not obscure the fact that our stake is in the preservation of the Indian subcontinent as an independent state. In making a final determination on continued assistance, the committee points out that India insists it is a neutral country and it has a representative form of government which internally is strongly anti-Communist. The committee believes that our assistance to India as elsewhere in the free world is directed toward strengthening the democratic base of government. The more successful we are in achieving that objective, the more we make it possible for India to resist Communist threats and blandishments and to remain a part of the free world.

It is proposed to devote a total of \$10 million to the field of agriculture and natural resources, including \$4 million for fertilizer to meet the rising demand before the completion of additional manufacturing facilities; \$4 million for additional deep irrigation wells in the areas shown by the exploratory program to justify the drilling of production wells; and \$2 million for river valley development to assist in further expansion of irrigation.

To meet the expanding demand for power as industrial development progresses, \$5 million assistance in the construction of electric power facilities is proposed. Further support for industrial development is expected to take the form of steel in the amount of \$15 million, to help meet the shortage in India. Some part of this may be used, however, for aid to small rural industries by supplying equipment and making possible increased employment in rural areas.

Assistance in the field of transportation is proposed in the amount of \$6 million; this will support agriculture, mineral, and industrial development as well as foreign trade. This would represent a continuation of the program to rehabilitate the Indian railways. It is planned that steel for fabrication of railway rolling stock in India and equipment to expand freight-car fabrication in India will be supplied.

Four million dollars is to be used to further extend the area of malaria control during fiscal year 1956.



Assistance in the form of agricultural surplus commodities is proposed in the amount of \$30 million. The sales proceeds of these commodities are expected to be used for agreed economic development purposes such as local costs of irrigation, flood control, and power.

*Latin America.*—For Latin America, there is provided an authorization of \$38 million in development assistance. This is intended primarily as an emergency fund for 3 countries—\$15 million for Guatemala, \$20 million for Bolivia, and \$3 million for Haiti.

The development assistance program in Guatemala is intended to meet acute economic problems faced by the anti-Communist government headed by Col. Carlos Castillo Armas, which took power in July 1954 as a result of a successful revolution against the pro-Communist Arbenz regime. The Arbenz regime left behind it a stagnant economy, growing unemployment, an empty treasury, and a burden of heavy internal debt, making it necessary for the new administration to look to the United States for help to tide it over the crucial months until normality is restored and its long-term development plans begin to have their effect in mobilizing the country's considerable economic resources. A decline in the prices of coffee, Guatemala's principal export, has recently intensified the administration's economic difficulties.

To help reduce immediately the critical pressure of unemployment, during the latter part of 1954 the United States provided Guatemala with an emergency grant of \$3.2 million for immediate public works. This sum is being spent entirely on the Pacific Coastal Highway, a key link in Guatemala's communication network.

An additional \$12 million grant was allocated to the Roosevelt Hospital in Guatemala City, to help purchase equipment to put in operation 1 wing of this partially completed project. At the same time, the United States has resumed its cooperation on the Guatemalan sector of the Inter-American Highway, and through the United States Bureau of Public Roads, has allocated \$1,425,000 of United States funds to be spent on it this fiscal year at the prescribed ratio of 2 United States dollars for each Guatemalan dollar of expenditure. The United States is meanwhile carrying out a greatly expanded program of technical assistance in Guatemala to aid the Government in executing its long-term plans.

Present information shows that at the end of the current fiscal year, the Castillo government will be unable to assume on its own the cost of the emergency works projects already begun with United States aid.

Recently, a special study mission on international organizations and movements of the Committee on Foreign Affairs (comprising Hon. A. S. J. Carnahan, chairman, Hon. Thomas S. Gordon, Hon. Thomas J. Dodd, Hon. Harrison A. Williams, Jr., Hon. Robert B. Chipfield, Hon. Chester E. Merrow, and Hon. Albert P. Morano) visited 4 of the 5 Central American countries, including Guatemala. Conferences with President Castillo Armas and firsthand observations by the members of the mission confirm the need for the continuation of emergency development assistance to Guatemala, the only country in world history successful in throwing off the Communist yoke.

In Bolivia, the ultimate objective is the development in Bolivia of a stable economy, able to provide the essential needs of the country without the necessity of external aid. The country's presently available resources are not sufficient to achieve this. The Bolivian

Government has a carefully developed plan prepared with the assistance of United States technicians, to overcome this condition and achieve a stable situation. It will continue to be dependent upon imported foods, however, for which it cannot fully pay with the foreign exchange it earns until the development program is considerably more advanced than at present.

Of the \$20 million requested for development assistance for Bolivia for fiscal year 1956, approximately \$12 million will be utilized for the purchase of foodstuffs in the United States, and the remaining \$8 million to provide agricultural machinery and equipment and other items to be utilized in connection with the program. The foodstuffs will meet the threat of hunger and avert possible starvation. The counterpart funds generated by the sale of the food shipments will be used to further the program, which, in order to be successful, must also include the \$8 million of agricultural equipment, supplies, and other items.

The aid given Bolivia under this program has helped and continues to help to avoid hunger and chaos. In addition, the program has been of great assistance in maintaining economic and political stability in Bolivia, and in aiding the Bolivian Government to counteract Communist pressure. It is the view of the committee that as long as these objectives are being achieved, the United States should be prepared to continue to extend aid to Bolivia until Bolivia is in a position to finance its development program alone.

In Haiti, the \$3 million requested would be used to continue the program of temporary emergency assistance to Haiti which began during 1955 and which is in addition to our technical cooperation program in that country. Because of the damage caused to Haiti by the hurricane last October, the United States has found it necessary to extend a limited amount, about \$3.4 million, of development assistance, and to provide about \$2 million worth of surplus agricultural commodities, to Haiti during the current fiscal year. The development assistance funds are being used primarily to help repair irrigation systems and rehabilitate farm-to-market roads and coffee plantings which were devastated during the hurricane. Because of the advent of a period of extended drought, the slow recovery from the effects of the hurricane and the severe shortage of foreign exchange resulting partly from the reduced coffee crop, it appears essential that our program of emergency assistance to Haiti be continued in fiscal year 1956. Three million dollars of development assistance funds are required for this purpose. These funds would be used, as the development assistance funds are being used during the current fiscal year, primarily to help repair irrigation systems and rehabilitate farm-to-market roads and coffee plantings.

The following chart illustrates the importance of Latin America to the international trade of the United States:



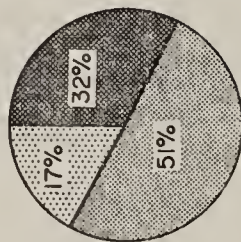
# HALF OF LATIN AMERICAN TRADE WITH U.S.

Latin American Imports<sup>1/</sup>

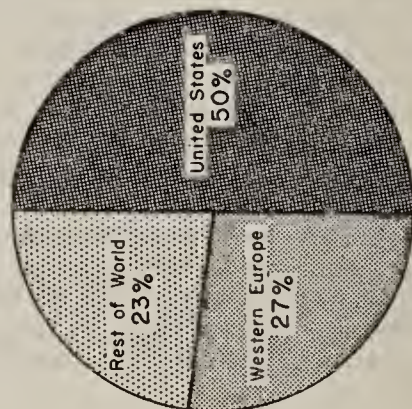
Latin American Exports<sup>2/</sup>



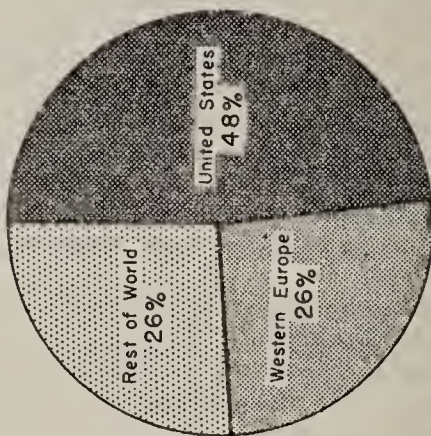
\$1.4 Billion



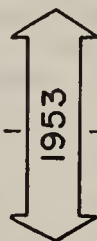
\$2.0 Billion



\$1.4 Billion



\$2.0 Billion



\$5.9 Billion

\$7.5 Billion

<sup>1/</sup> Excludes Caribbean territories.  
<sup>2/</sup> Average 1937-38.

*Subsection (b)—Administration*

This subsection adds a new sentence to section 202, which relates to administration of development assistance, providing that the President may exercise for purposes of development assistance the authority provided under section 307 with respect to technical cooperation. The latter section includes the authority to make advances and grants and to make and perform contracts and agreements, provided that any contract or agreement entailing commitments to expend funds may, subject to future action by the Congress, run for not to exceed 3 years. Development assistance is in many cases furnished as a supplement to technical cooperation. This amendment makes clear that commitments for expenditures for development assistance may be entered into for periods up to 3 years, paralleling the authorized period of commitment for technical cooperation. This will strengthen the basis for longer term coordination of activities under these two programs.

## SECTION 7—TECHNICAL COOPERATION

This section authorizes appropriations for three technical assistance programs in which the United States participates: (1) Bilateral technical assistance, \$146,500,000; (2) United Nations expanded programs, \$24,000,000; and (3) Organization of American States programs, \$1,500,000.

*Subsection (a)—Authorizations**Bilateral technical cooperation (sec. 7 (a))*

Technical cooperation, \$146,500,000 (100 percent):

Near East and Africa (28 percent):

Egypt.....	\$4, 000, 000
Ethiopia.....	3, 400, 000
Greece.....	1, 500, 000
Iran.....	10, 000, 000
Iraq.....	2, 300, 000
Israel.....	2, 000, 000
Jordan.....	2, 800, 000
Lebanon.....	2, 500, 000
Liberia.....	1, 800, 000
Libya.....	2, 000, 000
Turkey.....	2, 500, 000
Overseas territory.....	4, 000, 000
Regional projects.....	2, 200, 000
Total.....	<u>41, 000, 000</u>

Asia (45.4 percent):

Afghanistan.....	2, 000, 000
India.....	15, 000, 000
Nepal.....	1, 000, 000
Pakistan.....	9, 000, 000
China (Formosa).....	3, 000, 000
Indonesia.....	8, 000, 000
Japan.....	1, 000, 000
Korea.....	8, 000, 000
Philippines.....	6, 500, 000
Thailand.....	5, 500, 000
Cambodia, Laos, and Vietnam.....	7, 500, 000

Total.....	<u><u>66, 500, 000</u></u>
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*Bilateral technical cooperation (sec. 7 (a))—Continued*

Technical cooperation, \$146,500,000 (100 percent)—Continued

Latin America (20.5 percent):

Bolivia.....	\$2, 507, 900
Brazil.....	3, 485, 500
Chile.....	2, 354, 900
Colombia.....	1, 550, 700
Costa Rica.....	1, 052, 100
Cuba.....	621, 700
Dominican Republic.....	433, 700
Ecuador.....	1, 605, 400
El Salvador.....	1, 006, 800
Guatemala.....	1, 830, 000
Haiti.....	1, 503, 700
Honduras.....	1, 053, 400
Mexico.....	1, 762, 000
Nicaragua.....	910, 100
Panama.....	1, 268, 800
Paraguay.....	1, 453, 200
Peru.....	2, 704, 700
Uruguay.....	425, 900
Venezuela.....	175, 100
Overseas Territories.....	1, 095, 000
Regional projects.....	1, 199, 400

Total.....	30, 000, 000
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Interregional expenses (6.1 percent).....	9, 000, 000
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The major emphasis of technical cooperation programs has always been in the fields of agriculture, health and sanitation, and education. Although programs have been undertaken in other fields, those three still account for the bulk of our aid. For fiscal year 1956 about 62 percent of United States assistance in bilateral technical cooperation programs will be spent for those purposes. The following table shows the major fields of activities as planned for the next fiscal year.

*Major fields of activity, fiscal year 1956*

[Thousands]

	Near East and Africa	Asia	Latin America
Agriculture and natural resources.....	\$10, 706	\$18, 672	\$10, 711. 5
Industry and mining.....	3, 726	8, 904	2, 440. 1
Transportation.....	3, 089	1, 540	1, 492. 6
Labor.....	850	1, 410	1, 009. 7
Health and sanitation.....	5, 211	9, 196	5, 734. 3
Education.....	7, 866	12, 670	4, 197. 5
Public administration.....	2, 640	7, 695	1, 912. 6
Community development, social welfare, and housing.....	3, 857	3, 973	944. 5
Other.....	3, 055	2, 440	1, 557. 2
Total.....	41, 000	66, 500	30, 000. 0

*Near East and Africa*

Small technical cooperation programs are in operation in Greece and Turkey, which supplement the much larger military and defense support programs. The main direction of programs in these countries is to increase their agricultural and industrial productivity.

In Iran technical cooperation activities have greatly contributed to improved living conditions. Malaria, for example, is no longer the country's No. 1 health problem. In 3 years it should be virtually wiped out. Serious epidemics of contagious diseases are now

less frequent owing to the operations of the Iran-United States Public Health Cooperative. Many farm families today enjoy a better return from their labor as a result of technical cooperation projects that introduced seed which produced higher yields, that improved the native cattle and chickens through crossbreeding, and demonstrated the value of more economic methods of irrigating and growing crops.

Through other technical cooperation projects, American specialists have given thousands of teachers their first training in modern American teaching methods and specialized instruction in the fields of agriculture, homemaking, and vocational skills. Modern textbooks based on American models are being placed in most elementary schools. United States Government techniques and administrative practices have been introduced through the creation of an Institute for Administrative Affairs at Teheran University, and into government ministries, including the Ministry of Finance and the Iranian Plan Organization. The Ministry of Labor has been helped to develop modernized employment services, an apprentice system and safety programs. Factories have been assisted in raising production levels, in improving personnel practices, and in providing better working conditions.

The areas of the Arab States and Israel are characterized by underdeveloped resources. Economic and political stability of the area has been complicated by the Arab-Israeli conflict and the resultant unsettled population, with 880,000 Arab refugees still on relief.

Progress has been made in many countries of the area in recent years through the program for technical cooperation. In Iraq, for example, a country with adequate resources of its own to finance major programs of land reclamation and improvement, assistance by American technicians has been eagerly sought to make best use of its capital. In Lebanon the technical cooperation program has been conspicuously valuable in furnishing the Lebanese with the engineering blueprint needed for the development of the resources of the Litani River. Throughout the area, United States agricultural technicians are training local extension agents; livestock improvement projects are demonstrating better breeding and increased production methods; health technicians are being trained; and education facilities expanded.

The continued supply of raw materials, the maintenance of air and naval bases, and the investment in new production in Africa require a high degree of political stability and friendly ties with the West. Libya, Ethiopia, and Liberia as well as the territories are now in the process of developing new political and social institutions. The territories are in various stages of development, with the Gold Coast and Nigeria approaching independence within the Commonwealth. Several territories are now in the process of developing multiracial societies as an essential step toward increased self-government.

For fiscal year 1956, there is proposed a technical cooperation program of \$11.2 million for the independent African countries of Ethiopia, Libya, and Liberia, and for the overseas territories of France, Belgium, Italy, Portugal, and the United Kingdom. As the Sudan is soon to determine its future through the free choice of its people, it may be in our interest to extend technical assistance to that country in the coming fiscal year. The United States programs in Africa are designed to improve the standards of living through technical assistance in agriculture, health, and vocational training.



*Asia*

Technical cooperation is a necessary complement to the other types of assistance that the United States is extending to the free countries of Asia. By providing knowledge and skills we are increasing the capacity of these countries for self-development and for more stable political organization. As the majority of the people of the area live off the land and its products are the first essentials of life, primary emphasis has been placed on agricultural projects in the earlier stages of economic development programs. United States technicians have, and are continuing to train local teachers, village workers, and government personnel who are the key to community development and extension service programs. United States equipment, supplies, and know-how now at work, are also concentrated on such fields as water resources development, fertilizer utilization, and crop diversification.

The Bandung Conference was a gage of the increased self-assurance of many of the free Asian nations. Such confidence can only come from a greater measure of internal stability and development to which our programs are directed. The committee was impressed by the fact that among those who stood with the free world were nations not receiving assistance from us. Should the occasion arise when these nations need, and ask for, a small measure of technical cooperation, or other assistance, to carry out programs that will strengthen their economy, the committee recommends that their request be given sympathetic consideration by the executive branch.

*Latin America*

Bilateral technical cooperation programs in Latin America are designed primarily to help improve the competence of the people and institutions of that area in planning and working toward the effective economic development of their countries. Through these programs, the United States works in partnership with the individual Latin American governments and their peoples in developing improved national systems of, and training technicians in, such fields as health, education, agriculture, transportation, industry, labor, housing, and public administration.

In recent years increased attention has been given to technical cooperation fields other than the basic programs of health, education, and agriculture. Illustrative of the major fields of activity more recently included in the program are public administration, labor, transportation, industry, mining, and housing. In fiscal year 1955, about 27 percent of the estimated \$25.1 million total United States obligations for the bilateral technical cooperation program is being directed toward these newer fields of activity.

The results of training which Latin Americans have received under the program are indicated by the many participants who have returned from the United States to assume positions of leadership in their countries. In one country, for example, participants who studied in the United States now hold positions as Director General of Agriculture; Chief of Public Health Education; Chief of International Affairs, Department of Health; and the directorship of a large trade school in the capital city. Returned participants have also filled many senior positions in services.

The contributions of Latin American countries to the technical cooperation programs have risen substantially both in amount and

in relation to the United States contributions since 1942 when the Institute of Inter-American Affairs program was inaugurated. Contributions to these programs are classified as "in cash" or "in goods and services." Contributions in cash are the amounts deposited by the United States and the host country in joint accounts to finance the project operations of servicios. Contributions in goods and services are described below.

*Subsection (b)—Multilateral technical cooperation*

*Paragraph (1)* authorizes the appropriation of \$24 million for United States contributions to the United Nations program of technical assistance in fiscal year 1956. It is pointed out that these contributions will cover an 18-month period, the last 6 months of calendar year 1955 (July through December) and all of calendar year 1956. The amount authorized would provide \$8.5 million for the last half of calendar year 1955, and \$15.5 million for the full calendar year 1956, for a total of \$24 million. The United Nations program operates on a calendar-year basis. The United States has contributed \$6.5 million for the first half of calendar year 1955. Thus, the authorization in this bill will make possible a total United States contribution of \$15 million for calendar year 1955, and a total of \$15.5 million for calendar year 1956.

The continuation of this program was specifically urged by the President in his state of the Union message as the 84th Congress opened, in these words:

We must facilitate the flow of capital and continue technical assistance both directly and through the United Nations.

*Paragraph (2)* of section 7 (b) authorizes \$1.5 million for contributions to the technical assistance programs of the Organization of American States for fiscal year 1956, to be contributed in calendar year 1956. The special study mission on international organizations and movements to Central America observed at firsthand several excellent OAS technical assistance projects in the fields of housing, education, and agriculture. Progress in these fields is essential if the peoples of Latin America are to attain a better way of life. In this international movement in Latin America toward better health, better sanitation, better housing and better agricultural methods, the OAS technical assistance program can make a major contribution at a relatively small cost to the 21 participating members of the OAS. The continued support of this program by the United States is in keeping with its traditional policy of good neighborliness and partnership with our sister Republics to the south.

*Subsection (c)—International Development Advisory Board*

This subsection amends section 308 of existing legislation to permit members of the International Development Advisory Board to receive any new standard per diem rate which is higher than \$10 per diem. At the present time members of the IDAB are authorized \$10 per diem in lieu of subsistence and other expenses while engaged in attendance at meetings of the Board or at conferences called by the chairman while they are away from their homes or regular places of business. It is anticipated that final action may have been taken by the time the Mutual Security Act of 1955 is enacted to raise the per diem prescribed in the Standardized Government Travel Regulations.



## SECTION 8—OTHER PROGRAMS

*Subsection (a)—President's special fund*

This subsection amends section 401 which now permits the President each fiscal year to make special use of up to \$150 million of funds appropriated under authority of other provisions of the act without regard to the requirements of that act or any other act for which funds are authorized by that act in furtherance of the purposes of such acts when he determines that such use is important to the security of the United States. The amendment reduces the authority to use other funds for special purposes by \$100 million, that is, from \$150 million to \$50 million, and instead authorizes to be appropriated for use under section 401 a separate amount of \$100 million for fiscal year 1956.

The separate authorization for \$100 million for special purposes is needed because the most careful advance planning cannot anticipate the many contingencies which will arise during a 12-month period, and because the diversion of funds from planned programs to meet such contingencies causes a wasteful disruption of such planned programs. This authorization carries out the recommendation of the Comptroller General of the United States based on his recent study of the administration of the Foreign Operations Administration.

This subsection also amends the provision in section 401, which now permits the President to withhold disclosure of the nature of expenditures under section 401 of amounts up to \$50 million, by maintaining the existing money limit but permitting such authority to be exercised with respect to any funds authorized under the act.

*Subsection (b)—Surplus agricultural commodities*

Existing law requires that not less than \$350 million of the funds made available pursuant to this act must be used to finance the export and sale for foreign currencies for surplus agricultural commodities. This subsection is so worded as to add \$250 million to this, making the total \$600 million, including last year's authorization. This means that \$600 million of fiscal 1955 and 1956 funds must be used only to finance surplus agricultural commodities. Present indications are that more than \$350 million of fiscal 1955 funds will be used for this purpose. As a consequence, it is probable that less than \$250 million will be used in this manner in fiscal 1956.

This constitutes a reduction of \$100 million below last year's requirement and \$50 million below the requirement of the Senate bill. The committee's action is based on its belief that since much less economic aid is provided to Europe under the present bill, where the principal markets for agricultural products are located, it will not be possible to use a larger quantity of such products in the aid program.

*Subsection (c)—Joint control areas*

This subsection amends section 403, which relates to joint control areas, so as to assure that assistance may be furnished in the future under that section to any area over which the United States had joint control responsibilities as of the date of enactment of the Mutual Security Act of 1954 (August 26, 1954), regardless of whether the occupation status of those areas continues. When the act was originally passed the United States had such responsibilities in Austria, Berlin, the Federal Republic of Germany, and Trieste. The subsection also authorizes a new appropriation for fiscal year 1956 for the purposes of

this section; the new funds are intended primarily for Berlin and for a small technical exchange program in Austria and the Federal Republic of Germany.

*Subsection (d)—Migrants, refugees, and escapees*

This subsection deals with three related, but different programs concerning migrants, refugees, and escapees.

*Paragraph (1)* changes the heading to section 405 of present law to conform to the revised scope of the section to include escapees.

*Paragraph (2)* of the Senate version would authorize an appropriation, available for obligation during fiscal year 1956, for contributions to cover the United States share of the calendar year 1956 program, including contingencies, of the Intergovernmental Committee for European Migration (ICEM). The purpose of that committee, which is composed of 24 nations, is to increase the movement of migrants, including refugees and escapees, from overpopulated countries in Europe to countries which can absorb increased populations. Since a continuing authorization for this purpose was approved last year, the committee deleted this provision as unnecessary. This is no reflection on the program of ICEM and the necessity for the funds requested.

*Paragraph (2)*, as amended by the committee, authorizes an appropriation of \$1,400,000, available for obligation during fiscal year 1956, for contributions for the calendar year 1955 program of the United Nations Refugee Fund (UNREF). This program is designed to find permanent solutions for the problems of refugees originating for the most part from World War II and its aftermath who still remain an economic drain on the free countries of Western Europe, and to permit emergency assistance for the most needy cases. An authorization for this purpose was approved last year but no appropriation was made.

UNREF is a 4-year fund to be financed by voluntary contributions that was authorized by the United Nations General Assembly in resolution 832 (IX) of October 21, 1954. The purpose of the fund is to enable the United Nations High Commissioner for Refugees to undertake a program of permanent solutions of the problems of those refugees originating for the most part from World War II and its aftermath who, 10 years after the war, still remain an economic drain on the free countries of Western Europe, and to permit emergency assistance for the most needy cases. This fund represents a final effort on the part of the United Nations to assist in finding solutions for the most difficult cases, and was supported by the United States with this understanding. The countries of residence, it is understood, will assume full financial responsibility should any of the refugees within the scope of the program still require assistance at the end of the 4-year period.

The amount of \$1,400,000 represents one-third of the \$4,200,000 required from all countries for the first year's operation of the 4-year program, estimated to cost a total of \$16 million. It is further proposed that payment of the United States contribution be limited to approximately one-third of total government contributions paid into the central account of UNREF.

*Paragraph (3)*, as amended by the committee, adds to section 405 of the Mutual Security Act of 1954 a new subsection (d) which would authorize an appropriation of \$6 million for fiscal year 1956 for con-



tinuation of the escapee program which has been undertaken under section 401 of the act; these funds would be available for the types of activities, such as reception, interim care and maintenance, and resettlement assistance, which have been carried out in the past under the various provisions of section 401. In the past funds have been included in appropriations for military assistance and then have been transferred under section 401 for the escapee program. A separate authorization is now provided for programed requirements which it is feasible to identify and authorize separately. The military assistance authorization for this year accordingly does not contain an amount programed for the escapee program activities covered in the new subsection.

*Subsection (e)—Children's welfare*

This subsection authorizes an appropriation for the fiscal year 1956 of \$14,500,000 for United States contributions to the United Nations Children's Fund. Of this amount, \$4,800,000 is intended to complete payment of United States contributions for calendar year 1955, for which appropriations have not yet been made, bringing the total United States contribution for the current calendar year to \$9 million. The balance, \$9.7 million, is for the entire calendar year 1956. Because the United Nations fiscal year begins on January 1 instead of July 1, it is difficult for the program to be planned for maximum effectiveness unless the United States is in a position to make a full year's pledge at the time the other countries are making their pledges. If the proposed appropriation authorized is passed for the full 18-month contribution, it will be possible in the future to request only the funds required for a 12-month calendar year programming period.

The committee notes with satisfaction that UNICEF aid no longer emphasizes the emergency "handout" type of assistance prevalent in the early days of the program. On the contrary, present UNICEF activities concentrate on permanently improving rather than temporarily relieving child health conditions, and are designed to provide an initial impetus to programs which assisted countries will eventually carry on by themselves.

The following summary table of Government contributions (in millions of dollars) to the central account of UNICEF illustrates the progressive reduction in the percentage of the United States contribution and the steady increase in contributions from other governments for the past several years:

Calendar year program	United States contribution	Other government contributions	United States percentage
1952.....	\$6.7	\$2.7	71
1953.....	9.8	4.6	68
1954.....	8.3	5.3	61
1955 (proposed).....	9.0	<sup>1</sup> 6.0	60
1956 (proposed).....	9.7	<sup>1</sup> 7.2	57.4

<sup>1</sup> Estimated.

The United States contribution has been approximately 33½ percent of all contributions, including contributions made by governments for the benefit of persons located within territories under their control. These local cost contributions have shown an increase from \$23.6 million to \$32.5 million over the 3-year period from 1952 through 1954.

In 1954 the United States contribution was 18 percent of all contributions, including the local matching contributions.

*Subsection (f)—Palestine refugees in the Near East*

This subsection authorizes an appropriation of \$65 million for fiscal year 1956 for contributions to the United Nations Relief and Works Agency (UNRWA) for Palestine refugees in the Near East. The existing authority in section 407 of the Mutual Security Act of 1954, under which the President may spend any funds made available under that section through any other agency he may designate if he determines that this would more effectively contribute to the relief, rehabilitation, and resettlement of Palestine refugees in the Near East, would be applicable to the new funds as in the past.

Seven years ago, as a result of the Palestine conflict, nearly a million Arabs left their homes in what is now Israel. For reasons which remain points of bitter dispute, they sought shelter in the remainder of Palestine and the four neighboring Arab States—some of which were already overpopulated and all of which faced serious problems of unemployment and low living standards. Their places have been taken by close to a million Jewish people. The Arab refugees have not been compensated for their property. Some of the refugees returned to Israel, and others found employment in Arab countries. However, 887,000 refugees are today receiving rations from the United Nations Relief and Works Agency.

Approximately 486,000 are in Jordan, where they comprise well over one-third of the population. Another 212,000 are in the Gaza Strip, a coastal area now under Egyptian military government, which supported 70,000 people when it was part of the Palestine mandate. Some 101,636 are in Lebanon and 86,191 are in Syria. Generally speaking, they are restless and bitter. Continuation of a relief program is considered essential to prevent complete catastrophe.

*The relief program.*—Insofar as the welfare of the refugees is concerned, 834,000 daily rations of about 1,600 calories are being distributed among a total of 887,000 refugees as of June 30, 1954, no significant change having occurred in this total for the past 3 years. The cost of this ration is about \$3 per ration per annum. It is considered just adequate for the requirements of the refugee group, and more often than not UNRWA is criticized by observers from abroad for not providing enough. Many of the refugees, however, are able to supplement their rations by occasional work available to them. Any significant increase in rations may result in some cases in placing a premium on idleness, and in other cases in creating a willingness to work at cut-rate wages, thus intensifying the already serious pressure of refugee labor in the local labor market and resulting in still further hardship on the settled population, particularly in Jordan and in Lebanon. Serious social problems have arisen because of the competition of refugee labor in these countries.

*Rehabilitation program.*—Substantial progress has been made in two major projects for which funds have been reserved in prior years. Engineering examination of the project in Sinai is well advanced, and the possible outlines of the undertaking are now becoming clear. This project is estimated to involve the irrigation of 50,000 acres, to provide a living for 70,000 or 80,000 refugees, and may cost as much as \$50



million. It involves increasing the capacity of the present sweet-water canal which leads from the Nile to the Suez Canal; a siphon to convey water under the canal; a pumping operation to raise the waters a few meters to an appropriate height to permit gravity flows to agricultural lands; land-reclamation operations similar to those practiced in the Nile Valley; establishment of farms and necessary community centers. Much of the work can be done by the refugees themselves, thus reducing the relief burden in Gaza.

UNRWA has financed several smaller resettlement programs and is also devoting rehabilitation funds to education and training. The educational program now affects no fewer than 154,000 refugees or 17 percent of the total refugee population. The cost of this program, including elementary and vocational training and a certain amount of advance study, was \$2.5 million in fiscal year 1954, charged to rehabilitation funds. It is intended to expand the educational program.

*United Nations Relief and Works Agency—Comparative summary of receipts and obligations*

[In thousands of dollars]

	Program		
	Fiscal year 1954	Fiscal year 1955	Proposed fiscal year 1956
Receipts:			
Working capital.....	45,200	39,600	30,000
Contributions and miscellaneous receipts:			
United States contribution.....	15,000	16,700	65,000
Other contributions.....	8,600	8,500	30,400
Total.....	68,800	64,800	125,400
Obligations and expenditures:			
Relief.....	23,900	<sup>1</sup> 25,100	27,800
Reintegration.....	5,300	<sup>1</sup> 9,700	77,600
Working capital.....	39,600	30,000	20,000
Total.....	68,800	64,800	125,400

<sup>1</sup> Estimated.

*United States contribution to NATO civilian expenses*

This subsection of the Senate bill would authorize \$3.7 million for the United States contribution to the civilian expenses of the North Atlantic Treaty Organization. Of this amount, \$1,225,000 is for the expenses of the international secretariat serving the North Atlantic Council and \$2,475,000 is for construction of a new, permanent NATO headquarters building.

As in the case of ICEM, the committee deleted this provision as unnecessary, since a continuing authorization is contained in existing law. This action, likewise, is no reflection on the need for the requested funds.

*Subsection (g)—Ocean freight charges*

This subsection amends section 409 of the mutual security legislation which provides for the payment of ocean freight charges on shipments by United States voluntary nonprofit relief agencies and authorizes the use of any funds made available under the act to pay

ocean freight charges on shipments surplus agricultural commodities made available pursuant to United States legislation for the disposal abroad of United States agricultural surpluses.

The new sentence added at the end of subsection (c) of section 409 authorizes the appropriation of \$2 million for fiscal year 1956 to continue the normal program of financing ocean freight charges on shipments of relief supplies by approved United States voluntary nonprofit relief agencies. Approved agencies are those registered with the Advisory Committee on Voluntary Foreign Aid and the American Red Cross. These private agencies draw their principal support from voluntary donations of the American people both in cash and in kind. It has been conservatively estimated that their combined constituencies comprise 75 percent of the American people. The program is typically American, representing, as it does, a material expression of good will by our citizens for their less fortunate friends abroad.

Supplies valued at \$23,250,000 will have been shipped and distributed this year at a cost to the Government of \$1.5 million. It is readily seen, therefore, that in terms of the value of the goods delivered, the cash outlay on the Government's side is multiplied 15½ times. These goods include specifically food, clothing, medical and hospital supplies, school supplies, handtools for trades and agriculture, and other self-help supplies. Much of these goods are donated in kind without any cash contribution to cover delivery costs. Hence, the value to the agencies of ocean freight support, without which the program could not go forward at its present level. The increase in the amount requested this year as against last is principally to take care of substantially increased shipments of goods to South Vietnam. The voluntary agencies are gearing their programs to service the increased needs occasioned by the mass movement of refugees from North Vietnam.

The program represents a three-way cooperative arrangement between the American voluntary agencies, the United States Government, and the foreign governments, with each contributing materially to its success. Under regulations which have been established for the program, all goods are adequately marked to identify their United States origin. These markings bear the FOA emblem and the wording "Gift of the American People—Ocean Freight Paid by the United States Government." Additionally, each agency must maintain in the recipient countries United States citizen representatives to supervise distribution and to insure that the supplies reach the persons for whom they are intended.

The amended subsection (d) continues the existing authority to utilize other funds appropriated under authority of other provisions of the act for ocean freight charges on surplus agricultural commodity shipments and, for the first time, authorizes a separate appropriation of \$13 million for fiscal year 1956 to pay such charges. This new separate appropriations authorization is planned partially to meet requirements for such shipments as those under title II of the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480, 83d Cong.) (which authorizes shipments of up to \$300 million worth of surplus agricultural commodities held by the Commodity Credit Corporation over a 3-year period to meet famine and other needs of friendly nations), and title III of that act (which allows



certain surplus agricultural commodities to be made available to United States voluntary nonprofit relief agencies for distribution to needy people abroad).

*Subsection (h)—Control Act expenses*

This subsection amends section 410, which authorizes appropriation for carrying out the objectives of the Mutual Defense Assistance Control Act of 1951 (Battle Act), by authorizing for fiscal year 1956 an appropriation of \$1,175,000 for this purpose. This same amount was appropriated for fiscal year 1955. The funds requested will provide for staff and coordination activities of the Battle Act and will supplement the regular appropriations of other executive agencies with responsibilities under the act, such as the Departments of Defense and Commerce.

*Subsection (i)—Administrative and other expenses*

*Paragraph (1).*—This paragraph amends the title of section 411 of the act, which authorizes the appropriation for administrative expenses and empowers the Director to waive laws and regulations regarding the expenditure of Government funds in certain instances, to conform to other changes made in that section which are described below.

*Paragraph (2).*—This paragraph authorizes \$35,225,000 for administrative expenses of all parts of the program except military assistance and direct forces support. The current year's appropriation is \$32,500,000, but this sum includes the administrative costs for direct forces support. It is anticipated that decreases in the European missions will be offset by larger programs in the underdeveloped countries of the Far East, the Near East, and Latin America. The largest single increase of \$900,000 is for the expenses of administering the Korean program, most of which administrative costs have previously been charged to the Department of Defense.

The administration expects that the proposed transfer of the Foreign Operations Administration to the Department of State as the International Cooperation Administration will have no major effect on administrative requirements.

*Paragraph (3).*—This paragraph restores, in almost identical language, the provisions of section 114 (b) of the Economic Cooperation Act of 1948 which permitted the Administrator, with respect to certain expenses of overseas personnel (other than compensation) and with respect to certain other expenses paid for out of either administrative or program funds, to waive such laws and regulations regarding the obligation and expenditure of Government funds as he deemed necessary to accomplish the purposes of the act.

This waiver authority, contained in section 411 (b) of the act, has been in effect since the inception of the mutual security program, except that for fiscal year 1955, through inadvertence in drafting, it was coupled with the authorization for administrative expenses, thus limiting its use to funds appropriated for that purpose. Nothing in the legislative history of section 411 (b) supports a conclusion that either Congress or the executive branch intended this result. Since overseas personnel of the Foreign Operations Administration are paid

out of either administrative or program funds, depending on the functions they perform, the present waiver authority as to unusual expenditures for administrative personnel and administrative purposes is, by the amended language, made applicable to unusual expenditures for program personnel and operational purposes.

For example, the Director may now waive certain laws and regulations with respect to emergency hospital care or housing for administrative employees working in a faraway mission. He should have the same authority with respect to program employees working at the same mission. By inserting subsection (c) as a separate subsection of section 411, and by inserting the word "operating" before "purposes" in the body of the subsection, the amended language reflects what had been, prior to fiscal year 1955, the accepted and understood practice.

*Subsection (j)*

*President's Fund for Asian Development.*—The first part of this subsection authorizes an appropriation of \$200 million for the "President's Fund for Asian Development." The fund is available for obligation until June 30, 1958. The committee calls attention to two limitations placed upon the use of this fund: (1) Not less than 50 percent of the appropriations made to the fund shall be available on a loan basis; and (2) not more than 25 percent may be allocated to any one nation. The President is required to report semiannually to Congress on the use of the fund.

As indicated in the language of the section, the purpose of the fund is to contribute to—

an expanding economic growth of the free Asia area based upon self-help and mutual cooperation and full utilization of already existing resources and knowledge.

The absence of these factors together with a scarcity of local capital and of outside private capital are among the most distinctive features of the Asian economy.

This emphasis upon a regional approach to the area's development complements the strictly bilateral programs we have with many of the countries of free Asia. By stimulating greater economic and political unity in the area and by providing the incentive for the planning and development of projects of long-term value to the region, as well as the individual countries, it is intended to supplement programs concerned only with military objectives. The fund will also be concrete evidence that the United States is concerned about the serious economic difficulties confronting those countries, difficulties which in many of those countries are compounded by their defense programs.

The money would be allocated to a particular country on a loan or grant basis for projects whose impact would extend beyond that country. Projects for river development, transportation, communications, trade, and training centers could be financed in part from the fund. Administered with a combination of prudence and imagination, it can provide the initial stimulus that would strengthen the countries of free Asia. It should be noted that the committee inserted a qualification limiting the fund's availability to friendly governments and organizations.



*World Health Organization.*—This subsection removes the existing \$3 million limitation on the amount which may be appropriated annually for United States contributions and provides in lieu thereof that United States contributions shall not exceed 33½ percent of total assessments on active members, this new limitation to be effective for each fiscal year of the organization after 1958.

When the United States by congressional action joined the World Health Organization in 1948, its share of the Organization's budget was approximately 40 percent. As the Organization has matured, its work and its budget have expanded in an orderly way. At the same time, under the urging of United States delegates, our share percentage-wise of its budget, has been decreased.

The assessment on the United States for the calendar year 1955 is \$3,349,790, or 36.76 percent of the operating budget. For 1956 it will be \$3,410,040, or 35.90 percent. The subsection will permit the executive branch to request appropriation of funds to pay in full the 1955 assessment and future years' assessments, while at the same time protecting the United States by limiting the maximum percentage share to be borne by this country.

On paper, the United States is at present assessed only 33½ percent of the total amount assessed on all members of WHO, but those members include nine Soviet and satellite countries which for several years have taken no part in the activities of the Organization and have not paid their contributions. This situation has not been a satisfactory one. The committee therefore notes with approval that the World Health Assembly at its meeting in Mexico City in May of this year accepted the principle that the United States share should not exceed 33½ percent of the assessments on active members, and further decided that the United States share would be reduced in 4 equal steps from its present level of 36.76 percent to 33½ percent by 1959. This reduction for the United States results in substantial percentage increases for most of the other members of the Organization.

The World Health Organization has decisively proved its worth in the 7 years of its existence. It represents a cooperative effort of more than 70 countries to raise levels of health throughout the world by combating the spread of epidemic diseases and by strengthening public-health services particularly in underdeveloped countries so that the latter will be better able to meet their own health needs and strengthen their economies with a minimum of outside assistance.

*Joint Commission on Rural Development.*—Greater participation by the peoples of the less developed countries in our bilateral assistance programs has always been one of our primary objectives. One tested method of achieving this objective has been the Joint Commission on Rural Reconstruction in China. First established on the mainland, it moved to Formosa when the Communists overran China. Through joint planning and operations in agriculture and other fields of activities that intimately touch the masses of people, it has provided that spark of grassroots enthusiasm that is essential if the program is to succeed. The Philippine Government is engaged in an extensive program of rural development. It has studied the work of the Joint Commission on Rural Reconstruction on Formosa and has expressed a desire to proceed in a similar way in the Philippines. This section

provides the necessary authority to establish a joint organization. It does not add any money to the bill; rather it permits the use of not more than 10 percent of the money programed for the Philippines to be used for the work of the Commission. The money that is programed may be (1) in United States dollars, (2) Philippine currency derived as a result of assistance provided under this act or any other act, or (3) a combination of such dollars and Philippine currency.

#### SECTION 9—GENERAL PROVISIONS

Subsection (a) in the draft bill submitted by the executive branch and in the bill as it passed the Senate included a minor technical amendment to section 501 of the Mutual Security Act of 1954 which authorizes the transfer of funds. After a review of this language, the executive branch decided that the proposed amendment was unnecessary.

It is the understanding of the committee that the language of section 501 as it stands in the Mutual Security Act of 1954 authorizes the handling of carryover funds in respect to transfers in the same manner as has always been the case under previous mutual-security legislation.

For this reason this subsection has been eliminated from the bill.

##### *Subsection (a)—Use of foreign currency*

This subsection amends section 502 (b) of existing law, which authorizes the use of local currencies owned by the United States for appropriate committees of Congress for their local currency expenses, to include the Joint Committee on Atomic Energy and the Joint Committee on the Economic Report. Both these committees have responsibilities and interests outside the United States but do not carry out their duties under section 136 of the Legislative Reorganization Act of 1946, as amended. The proposed amendment, therefore, makes clear to these committees that they may use local currencies for their expenses in foreign countries.

##### *Subsection (b)—Termination of assistance*

This subsection repeals section 503 (b) of the Mutual Security Act of 1954 and designates subsection (c) as (b). This amendment eliminates the special termination provision which now applies to development assistance authorized by title II of the act, and which would have required the liquidation of functions under that title after June 30, 1955.

##### *Subsection (c)—Loan assistance and sales*

*Paragraph (1).*—This paragraph amends the title of section 505 of the act, which relates to assistance under the mutual security program to be provided in the form of loans, to conform to the change made in that section which is described below.

*Paragraph (2).*—This paragraph amends section 505 of the act to permit the President, where it would be to the advantage of the United States, and in lieu of furnishing assistance directly to a country, to finance the export of commodities to one country in return for goods and services of that country which may be required for the assistance program. In other words, commodities bought with mutual security appropriations could be sold for local currency to the first country



and the local currency generated could be used for the benefit of programs in other countries without a second charge to the mutual security appropriation for the transaction. Such a second charge would otherwise be required by section 1415 of the Supplemental Appropriation Act, 1953. The proposed amendment is consistent with the authority already provided by the Congress in section 240 of the act, which authorizes the disposal of surplus agricultural commodities.

In effect, this amendment permits handling local currencies derived from the sale of commodities other than surplus agricultural products in the same manner as such currencies obtained in agricultural transactions are administered. It is anticipated that this provision will facilitate the supplying of coal in providing assistance to certain countries.

*Subsection (d)—Shipping on United States vessels*

This subsection adds a sentence at the end of section 509 of the Mutual Security Act, which section requires that not less than 50 percent of the gross tonnage of commodities, materials, and equipment procured under certain sections of the act be transported on United States-flag commercial vessels, so as to exempt the provisions of cargo preference legislation, in particular Public Law 664, 83d Congress, from shipments between foreign countries of commodities procured with foreign currencies. Although the provisions of section 509 of the act do not impose such a requirement, Public Law 664 has been interpreted to require that not less than 50 percent of the commodities procured in one foreign country with local currency sales proceeds from the sale of surplus agricultural commodities and which are to be shipped to other foreign countries as part of the mutual security program, must be shipped on United States-flag commercial vessels. Testimony was given to the committee that, because of the application of the cargo preference legislation to such transactions between foreign countries, the sale of surplus agricultural commodities has been severely hampered.

Because the application of such legislation has also interfered with shipment of surplus agricultural commodities *from* the United States, the committee added an amendment to the Senate bill amending section 509 of existing mutual security legislation so as to exclude such commodities from the operation of the 50-percent shipping requirement.

SECTION 10—ORGANIZATION AND ADMINISTRATION

*Subsection (a)—End items*

The Mutual Security Act (sec. 524 (a)) is supposed to refer to "the supervision of end-item use." In the course of editing last year's bill the words were changed to "end items used." This amendment restores the correct language which dates back to the Mutual Security Act of 1951.

*Subsection (b)—Authority to reorganize*

This subsection amends, in the first clause, the second sentence of section 525 of the act to clarify the authority of the President, after

June 30, 1955, to transfer to any agency or officer of the United States, or to modify or abolish any function, office, or entity of the Foreign Operations Administration which may have been transferred to another agency on or before June 30, 1955.

The second clause of the proposed amendment provides that the authority conferred on the President by the second sentence of section 525 shall be exercised only in accordance with applicable rules and regulations relating to civil service and veterans' preference.

*Subsection (c)—Foreign Service officers*

This subsection authorizes a technical amendment to section 526 of the Mutual Security Act of 1954, which authorizes special missions and staffs and provides for the appointment by the President of chiefs and deputy chiefs of such missions or staffs. The amendment would clarify the authority of the President to appoint Foreign Service officers to such positions without prejudice to the career status of persons so appointed. The amendment confirms the applicability to Foreign Service officers who accept such appointments of the provisions of section 571 of the Foreign Service Act of 1946, as amended. Under these provisions such Foreign Service officers would, for instance, receive for the duration of their assignment as mission chiefs or deputy mission chiefs the pay and other benefits which normally accrue to these positions.

*Subsection (d)—Travel allowances*

This subsection amends section 530 (a), which provides for the employment of experts and consultants to perform functions under the act, to authorize payment of per diem in lieu of subsistence to experts and consultants on travel status at the rate prescribed in the Standardized Government Travel Regulations when that rate exceeds \$10. As was mentioned previously in connection with section 7 (c), which involves a similar amendment, legislation has been proposed which would raise the standard Government per diem rate above \$10. This amendment will permit payment of that new rate to experts and consultants.

*Subsection (e)—Reports*

This subsection adds to the reports which the President is required to submit to Congress as to the operation of the Mutual Security Act a report on the use of the President's Fund for Asian Economic Development. It is intended that the report will contain not only precise information on past expenditures and obligations but also, to the extent that the national interest permits, plans and projections for future obligation and expenditure.

SECTION 11—REPEAL AND MISCELLANEOUS PROVISIONS

*Subsection (a)*

*Customs exemption (sec. 544 (c)).*—The first paragraph adds a new subsection (c) to section 544 of the act (relating to amendments to other laws) to make permanent the present temporary authority under which Government personnel assigned abroad may, upon their return to the United States, bring into the United States, without payment of import duty or tax, personal and household effects which they have



acquired to meet their needs during their assignments abroad. This exemption was first provided for in the act of June 27, 1942, which specified that the exemption from duty would apply to personal and household effects entering the United States under Government orders during the period from December 8, 1941, to the day following the proclamation of peace by the President. The act of April 4, 1953 (67 Stat. 22), extended the exemption through June 30, 1955. The proposed amendment extends the exemption for another year. The amendment will continue an important benefit for persons serving abroad not only in the mutual security program but also in the other overseas activities of the Government.

H. R. 5560 is now under consideration by the House Ways and Means Committee. It is expected that this bill will contain provisions dealing with this matter based on a careful study of all its aspects by the committee which has responsibility for this type of legislation. The purpose of including this provision in the mutual security legislation is to attempt to assure that this exemption, important to this program as well as other Government operations, does not expire June 30.

*Shipping surplus agricultural products (sec. 544 (d)).*—This subsection amends Public Law 480, the Agricultural Trade Development and Assistance Act of 1954, by authorizing the President to disregard the requirement contained in section 901 (b) of the Merchant Marine Act of 1936 which requires that 50 percent of the tonnage of agricultural commodities exported under the afore-mentioned act must be shipped on United States-flag vessels. The President is also authorized to disregard similar provisions of any other laws.

The committee believes that the imposition of the 50 percent shipping requirement has seriously impeded the export of United States surplus agricultural commodities to the detriment of United States agriculture as well as the mutual security program. The lifting of these restrictions should result in a substantial increase in consumption of United States farm products abroad.

#### *Subsection (b)*

*Unexpended balances (sec. 548).*—This adds a new section 548 which provides for the carryover of unexpended balances to the same extent as in previous authorizing legislation. It adopts a technique previously used in the mutual security legislation of a single carryover provision instead of substantially repetitive provisions in each authorizing paragraph. Since the fiscal year 1956 authorizing legislation makes a few shifts in categories of aid, the new section provides that unexpended balances which are carried over continue available for the general purposes for which appropriated and may be consolidated with appropriations made available beginning in fiscal year 1956 for the same general purposes under the authority of the act. For example, this section would permit a portion of the funds previously appropriated under section 121 to be consolidated with funds now authorized under section 131 and another portion to be consolidated with funds to be authorized under section 124, etc. The phrase "beginning in fiscal year 1956" reflects the fact that some authorizations are for the appropriation of no-year funds.

The proviso limits the carryover of unexpended balances not yet obligated by June 30, 1955, to a total of \$200 million. Each year since the program began there has always been a large carryover of unobligated funds. This unobligated carryover each year has exceeded the amount that was estimated by the executive branch as anticipated at the time the request for authorization was under consideration by the committee.

The committee was informed in the basic material submitted at the beginning of the presentation that the estimated unobligated and unreserved balance expected June 30, 1955, was to be \$100 million. On June 13 the committee received information that the estimated unobligated balances would exceed the \$200 million limit contained in the Senate bill. The committee received a memorandum on June 21, stating that the unobligated carryover of military funds would be "some \$600 million," an increase of \$500 million over the original estimate.

Rather than rework its authorizations at so late a date in recognition of this increased availability of funds for commitment in 1956, the committee decided to retain the \$200 million limitation in the Senate bill which apparently will bring the 1956 funds more nearly into line with the original estimates.

*Statement of congressional policy (sec. 549).*—As amended by the committee, this section contains a proposed amendment adding two new subsections (sec. 549 (a) and (b)) on congressional policy.

*Subsection (a)* states the congressional policy that those nations of Western Europe that have been assisted in their economic recovery and rehabilitation through mutual security programs and thus have been able to regain their military strength, should in the future share to a greater extent the financial burden of providing aid to those other friendly nations of the world who need assistance in order to contribute to the security of the free world.

The concept of mutuality ingrained in the mutual security program does not require the United States to continue to shoulder the major portion of free-world responsibility. The nations of Western Europe are to be commended for their rapid recovery and rehabilitation, due in part to economic and other forms of assistance by the United States, and in part to their own determination, sacrifices, and efforts. Thus, they are in position to assume a greater share of the burden of financial aid to the free world which, up to now, has been borne in large measure by the United States. This greater sharing of the burden would carry the mutual security program to its logical conclusion, that is, to help nations to help themselves so that they might in turn help other nations of the free world who require such assistance.

*Subsection (b)* states the congressional policy that mutual security assistance shall be administered so as to assist other peoples in their efforts to free themselves from colonialism or other forms of domination under circumstances enabling them to assume an equal station among the free nations of the world. This is in keeping with the history of our Nation and the principles we have constantly proclaimed.



## SECTION 12—CONGRESSIONAL POLICY ON THE COMMUNIST REGIME IN CHINA

The final section of the bill, added by the committee, reaffirms and restates congressional policy, as expressed in section 101 of the Mutual Security Act of 1954, against the recognition of the Communist regime in China to represent China in the United Nations. The Communist regime in China has consistently demonstrated its unwillingness to fulfill the obligations contained in the Charter of the United Nations. It would be inconsistent with, and indeed in violation of, the principles of the Charter to admit the Chinese Red regime to represent China in the United Nations.

At the very time that the 10th anniversary of the United Nations is being celebrated in San Francisco and while other top-level conferences and conversations are being held on major problems affecting the peace and security of the world, it is highly important to reassure our friends in free Asia that the United States has no intention of relaxing its policy in seeking a solution to those problems. At the same time, it is equally important to make clear to our allies in other areas of the world and to the executive branch of our Government the unmistakable continued conviction of the United States with respect to the Communist regime in China.

## INVESTMENT GUARANTY PROGRAM

The committee has in the past emphasized the importance which it attaches to the private enterprise provisions of the mutual security legislation. It repeats that emphasis here. An essential role of private enterprise in mutual security is the investment guaranty program, which is a worldwide program and not restricted to those countries receiving assistance under this act. Section 413 (b) (4) (G) of the mutual security law contains the following mandate:

The guaranty program authorized by this paragraph shall be used to the maximum practicable extent and shall be administered under broad criteria so as to facilitate and increase the participation of private enterprise in achieving any of the purposes of this Act.

The committee is not satisfied that "broad criteria" have been applied by the executive branch to the guaranty provisions nor that the participation of private enterprise is being facilitated or increased to the maximum extent practicable. From testimony and other evidence before the committee it is clear that the interpretation placed by the executive branch on the type of investment covered has been unduly narrow, contrary to the intent of Congress. The committee, which originally drafted these provisions, states that it has always been its intent and is now its intent that the executive branch exercise the utmost imagination and effort to expand the investment guaranty program beyond this narrow and unintended concept to include indirect investments as well as direct investments.

The committee notes with some concern that no guaranty contracts have been entered into covering investment in any Latin American country, although United States agreements have been negotiated with several countries in the hemisphere.

The committee expects this program to be administered effectively and with the principle firmly in mind that private enterprise is an important and permanent arm of, and under, the mutual security program.

#### CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as passed by the Senate, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

### MUTUAL SECURITY ACT OF 1954

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That this Act may be cited as the "Mutual Security Act of 1954".

## TITLE I—MUTUAL DEFENSE ASSISTANCE

### CHAPTER 1—MILITARY ASSISTANCE

SEC. 101. PURPOSE OF CHAPTER.—The Congress of the United States reaffirms the policy of the United States to achieve international peace and security through the United Nations so that armed force shall not be used except in the common defense. The Congress hereby finds that the efforts of the United States and other nations to promote peace and security require additional measures of support based upon the principle of continuous and effective self-help and mutual aid. It is the purpose of this chapter to authorize measures in the common defense, including the furnishing of military assistance to friendly nations and international organizations in order to promote the foreign policy, security, and general welfare of the United States and to facilitate the effective participation of such nations in arrangements for individual and collective self-defense. In furnishing such military assistance, it remains the policy of the United States to continue to exert maximum efforts to achieve universal control of weapons of mass destruction and universal regulation and reduction of armaments, including armed forces, under adequate safeguards to protect complying nations against violation and evasion.

The Congress reaffirms its previous expressions favoring the creation by the free peoples of the Far East and the Pacific of a joint organization, consistent with the Charter of the United Nations, to establish a program of self-help and mutual cooperation designed to develop their economic and social well-being, to safeguard basic rights and liberties and to protect their security and independence.

The Congress hereby reiterates its opposition to the seating in the United Nations of the Communist China regime as the representative of China. In the event of the seating of representatives of the Chinese Communist regime in the Security Council or General Assembly of the United Nations, the President is requested to inform the Congress insofar as is compatible with the requirements of national security, of the implications of this action upon the foreign policy of the United States and our foreign relationships, including that created by mem-



bership in the United Nations, together with any recommendations which he may have with respect to the matter.

SEC. 102. GENERAL AUTHORITY.—Military assistance may be furnished under this chapter on a grant or loan basis and upon such other appropriate terms as may be agreed upon, by the procurement from any source and the transfer to eligible nations and international organizations of equipment, materials, and services or by the provision of any service, including the assignment or detail of members of the Armed Forces and other personnel of the Department of Defense solely to assist in an advisory capacity or to perform other duties of a noncombatant nature, including military training or advice.

SEC. 103. AUTHORIZATIONS.—(a) (1) There is hereby authorized to be appropriated to the President, in addition to appropriations authorized by section 104, not to exceed \$1,270,000,000, to carry out the purpose of this chapter; and, in addition, unexpended balances of appropriations for military assistance under each paragraph of the Mutual Security Appropriation Act, 1954 (including the appropriation for mutual special weapons planning), are hereby authorized to be continued available for the purpose of this chapter and to be consolidated with the appropriation authorized by this subsection; all of which is hereby authorized to be continued available through June 30, 1955.

(2) *In addition, there is hereby authorized to be appropriated to the President to carry out the purposes of this chapter not to exceed \$1,278,000,000, to remain available until expended.*

(b) Funds made available pursuant to subsection (a) of this section shall be available for the administrative and operating expenses of carrying out the purpose of this chapter including expenses incident to United States participation in international security organizations.

[(c) Funds made available pursuant to subsection (a) of this section may be used for the procurement of equipment or materials outside the United States unless the President determines that such procurement will result in one or more of the following conditions:

[(1) Adverse effects upon the economy of the United States, with special reference to any areas of labor surplus, or upon the industrial mobilization base, which outweigh the strategic and logistic advantages to the United States of procurement abroad;

[(2) Production of such equipment or materials outside the United States under inadequate safeguards against sabotage or the release to potential enemies of information detrimental to the security of the United States;

[(3) Unjustifiable cost in comparison with procurement in the United States, taking into account transportation costs for delivery overseas; and

[(4) Delays in delivery incompatible with United States defense objectives.]

(c) *When appropriations made pursuant to subsection (a) of this section are used to furnish military assistance on terms of repayment within ten years or earlier such assistance may be furnished, notwithstanding sections 105, 141 and 142, to nations eligible to purchase military equipment, materials, and services under section 106.*

SEC. 104. INFRASTRUCTURE.—(a) The President is authorized to make contributions to infrastructure programs of the North Atlantic

Treaty Organization, in accordance with agreements already made between the member nations, out of funds made available pursuant to this section, or section 103, or chapter IX of the Supplemental Appropriation Act, 1953, of amounts totaling not more than \$780,000,000, less amounts already contributed for such purpose. There is hereby authorized to be appropriated to the President for such purpose, in installments prior to June 30, 1958, not to exceed \$321,000,000, to remain available until expended. Such contributions by the United States shall not exceed its proportionate share, as heretofore agreed upon, of the expenses of such programs.

(b) When the President determines that it is in the interest of the security of the United States to participate in programs for the acquisition or construction of facilities in foreign nations for collective defense other than programs of the North Atlantic Treaty Organization, he may use for such purpose funds made available under section 103 or local currencies made available under section 402 in amounts totaling not more than \$50,000,000.

(c) Notwithstanding section 501 of this Act, no funds other than those referred to in subsections (a) and (b) of this section may be expended for the purposes of this section. No funds shall be expended under this section for rental or purchase of land or for payment of taxes.

SEC. 105. CONDITIONS APPLICABLE TO MILITARY ASSISTANCE.—(a) Military assistance may be furnished under this chapter to any nation whose increased ability to defend itself the President shall have determined to be important to the security of the United States and which is otherwise eligible to receive such assistance. Equipment and materials furnished under this chapter shall be made available solely to maintain the internal security and legitimate self-defense of the recipient nation, or to permit it to participate in the defense of its area or in collective security arrangements and measures consistent with the Charter of the United Nations. The President shall be satisfied that such equipment and materials will not be used to undertake any act of aggression against any nation.

(b) In addition to the authority and limitations contained in the preceding subsection, the following provisions shall apply to particular areas:

[(1) In order to promote an integrated defense of the North Atlantic area and to support concrete measures for political federation, military integration, and economic unification in Europe, equipment and materials of the value programmed for fiscal years 1954 and 1955 for nations signing the treaty constituting the European Defense Community shall, pending the coming into force of the treaty, be delivered only to such of these nations as have ratified the treaty, and have joined together in or are developing collective defense programs in a manner satisfactory to the United States as determined by the President.]

(1) *The Congress welcomes the recent progress in European cooperation and reaffirms its belief in the necessity of further efforts toward political federation, military integration, and economic unification as a means of building strength, establishing security, and preserving peace in the North Atlantic area. In order to provide further encouragement to such efforts, the Congress believes it essential that this Act should be so administered*



*as to support concrete measures to promote greater political federation, military integration, and economic unification in Europe.*

(2) Military assistance furnished to any nation in the [Near East, Africa, and South Asia] *Near East and Africa* to permit it to participate in the defense of its area shall be furnished only in accordance with plans and arrangements which shall have been found by the President to require the recipient nation to take an important part therein.

(3) In furnishing military assistance in [the Far East and the Pacific] *Asia*, and in carrying out the provisions of section 121 of this Act, the President shall give the fullest assistance, as far as possible directly, to the free peoples in that area, including the Associated States of Cambodia, Laos, and Vietnam, in their creation of a joint organization, consistent with the Charter of the United Nations, to establish a program of self-help and mutual cooperation designed to develop their economic and social well-being, to safeguard basic rights and liberties, and to protect their security and independence.

(4) Military assistance may be furnished to the other American Republics only in accordance with defense plans which shall have been found by the President to require the recipient nation to participate in missions important to the defense of the Western Hemisphere.

(c) The Secretary of Defense shall insure that the value (as determined pursuant to section 545) of equipment, materials, and services heretofore furnished under military assistance programs authorized by Acts repealed by this Act or hereafter furnished pursuant to section 103 (a) to nations or organizations in each of the four areas named in this subsection shall not exceed the total of the funds heretofore made available for military assistance in that area pursuant to Acts repealed by this Act plus the amount herein specified for that area:

(1) In the European area (excluding Greece and Turkey), \$617,500,000.

(2) In the Near East (including Greece and Turkey) [ , Africa, and South Asia] *and Africa*, \$181,200,000.

(3) In [the Far East and the Pacific] *Asia*, \$583,600,000.

(4) In the Western Hemisphere, \$13,000,000.

(d) Whenever the President determines it to be necessary for the purpose of this title, equipment, materials, and services of a value not to exceed 15 per centum of the sum of (1) that portion of the unexpended balances referred to in section 103 (a) which was available on June 30, 1954, to furnish assistance in any of the areas named in subsection (c) of this section, and (2) the amount specified in the applicable paragraph of subsection (c) of this section for additional assistance in such area, may be furnished in any other such area or areas, notwithstanding the limitations set forth in subsection (c) of this section. Funds heretofore obligated or programed or hereafter made available solely for the purpose of section 104 (pertaining to infrastructure) shall not be included in the total fixed for each such area. Funds heretofore appropriated for military assistance in a particular geographic area but transferred from such use under section 513 of the Mutual Security Act of 1951, as amended, or under section 408 (c) of the Mutual Defense Assistance Act, shall be included in the total for the area for the benefit of which such transfer was made, and not in the total for the area from which the transfer was made.

SEC. 106. SALE OF MILITARY EQUIPMENT, MATERIALS, AND SERVICES.—(a) The President may, in order to carry out the purposes of this chapter, sell or enter into contracts (without requirement for charge to any appropriation or contract authorization) for the procurement for sale of equipment, materials, or services to any nation or international organization: *Provided*, That prior to the transfer of any such equipment, materials, or services to any nation which has not signed an agreement under section 142 of this Act or joined with the United States in a regional collective defense arrangement, the President shall have received commitments satisfactory to him that such equipment, materials, or services are required for and will be used by such nation solely to maintain its internal security, its legitimate self-defense, or to permit it to participate in the defense of the area of which it is a part, or in collective security arrangements and measures consistent with the Charter of the United Nations, and that it will not undertake any act of aggression against any other state.

(b) Whenever equipment or materials are sold from the stocks of or services are rendered by any United States Government agency to any nation or international organization as provided in subsection (a), such nation or international organization shall first make available the fair value, as determined by the President, of such equipment, materials, or services before delivery or, when the President determines it to be in the best interests of the United States, within sixty days thereafter or, as determined by the President, within a reasonable period not to exceed three years. The fair value for the purpose of this subsection shall not be less than the value as defined in subsection (h) of section 545: *Provided*, That with respect to excess equipment or materials the fair value may not be determined to be less than (i) the minimum value specified in that subsection plus the scrap value, or (ii) the market value, if ascertainable, whichever is the greater. Before a contract for new production is entered into, or rehabilitation work is undertaken, such nation or international organization shall (A) provide the United States with a dependable undertaking to pay the full amount of such contract or the cost of such rehabilitation which will assure the United States against any loss on the contract or rehabilitation work, and (B) shall make funds available in such amounts and at such times as may be necessary to meet the payments required by the contract or the rehabilitation work in advance of the time such payments are due, in addition to the estimated amount of any damages and costs that may accrue from the cancellation of such contract or rehabilitation work.

(c) Sections 105, 141, and 142 shall not apply with respect to assistance furnished under this section.

SEC. 107. WAIVERS OF LAW.—(a) The President may perform any of the functions authorized under this chapter without regard to (1) the provisions of title 10, United States Code, section 1262 (a), and title 34, United States Code, section 546 (e); and (2) such provisions as he may specify of the joint resolution of November 4, 1939 (54 Stat. 4), as amended.

(b) Notwithstanding the provisions of Revised Statutes 1222 (10 U. S. C. 576), personnel of the Department of Defense may be assigned or detailed to any civil office for the purpose of enabling the President to furnish assistance under this Act.



SEC. 108. TRANSFER OF MILITARY EQUIPMENT TO JAPAN.—In addition to any program of military assistance for which funds may be appropriated pursuant to this Act, the President is hereby authorized to transfer to the Government of Japan, until June 30, [1955] 1956, upon such terms and conditions as he may specify, and upon its request, United States military equipment and supplies programed for Japan to meet its internal security requirements for which Department of Defense appropriations were obligated prior to July 1, 1953. No appropriation shall be requested to replace the military equipment and supplies so transferred, and no funds heretofore or hereafter appropriated for the purpose of this chapter shall be available for reimbursement to any United States Government agency on account of any transfer made pursuant to this section.

## CHAPTER 2—SOUTHEAST ASIA AND THE WESTERN PACIFIC, AND DIRECT FORCES SUPPORT

SEC. 121. SOUTHEAST ASIA AND THE WESTERN PACIFIC.—There is hereby authorized to be appropriated to the President for the fiscal year 1955, to be made available on such terms and conditions, including transfer of funds, as he may specify, not to exceed \$700,000,000 for expenses necessary for the support of the forces of nations in the area of Southeast Asia, including the furnishing, as far as possible, of direct assistance to the Associated States of Cambodia, Laos, and Vietnam as well as to the forces of other free nations in the area including those of France located in such Associated States and for other expenditures to accomplish in Southeast Asia and the Western Pacific the policies and purposes declared in this Act. In addition, the unexpended balances of funds allocated from appropriations made pursuant to sections 304 and 540 of the Mutual Security Act of 1951, as amended, for the purpose of support of the forces of the Associated States of Cambodia, Laos, and Vietnam and the forces of France located in the Associated States, are hereby authorized to be continued available for the purpose of this section through June 30, 1955, and to be consolidated with the appropriation authorized by this section. Assistance under this section shall be made available subject to the provisions of sections 141 and 142, except that (1) in the case of assistance to the Associated States of Cambodia, Laos, and Vietnam, and (2) in the case of assistance (not to exceed in the aggregate 10 per centum of the amount appropriated pursuant to this section, excluding unexpended balances of prior appropriations) to other nations, the President may waive specific provisions of section 142 to the extent he may deem necessary in the national interest to carry out the purposes of this Act. The President or such officer as he may designate shall report each instance of such waiver to the Foreign Relations, Appropriations, and Armed Services Committees of the Senate and the Foreign Affairs, Appropriations, and Armed Services Committees of the House of Representatives within thirty days.

It is the sense of the Congress that no part of the funds appropriated under this section shall be used on behalf of governments which are committed by treaty to maintain Communist rule over any defined territory of Asia.

SEC. 122. PRODUCTION FOR FORCES SUPPORT.—There is hereby authorized to be appropriated to the President for the fiscal year

1955, to be made available on such terms and conditions, including transfer of funds, as he may specify, not to exceed \$35,000,000 for manufacture in the United Kingdom of military aircraft required by United Kingdom forces for the defense of the North Atlantic area. In addition, unexpended balances of appropriations made pursuant to section 102 of the Mutual Security Act of 1951, as amended, are hereby authorized to be continued available for their original purposes through June 30, 1955, and the unexpended balance of the appropriation made pursuant to the second clause of that section is authorized to be consolidated with the appropriation authorized by this section.

SEC. 123. COMMON USE ITEMS.—There is hereby authorized to be appropriated to the President for the fiscal year 1955 not to exceed \$60,000,000 for the provision of any common-use equipment, materials, commodities, or services which are to be used by military forces of nations receiving assistance under chapter 1 of this title. Programs authorized by this section shall be administered in accordance with the provisions of chapter 1 or chapter 3 of this title.

SEC. 124. DIRECT FORCES SUPPORT.—*There is hereby authorized to be appropriated to the President for the fiscal year 1956 not to exceed \$317,200,000 to provide assistance in the form of direct forces support to be delivered or rendered directly to the military forces of nations eligible for military assistance under chapter 1 of this title. The President may, notwithstanding the provisions of section 501, consolidate all or any part of appropriations made pursuant to this section with appropriations made pursuant to section 103. Programs authorized by this section may be administered in accordance with the provisions of chapter 1 or chapter 3 of this title.*

### CHAPTER 3—DEFENSE SUPPORT

SEC. 131. GENERAL AUTHORITY.—(a) The President is hereby authorized to furnish, to nations and organizations eligible to receive military assistance under chapter 1 of this title, or to nations which have joined with the United States in a regional collective defense arrangement, commodities, services, and financial and other assistance designed to sustain and increase military effort. In furnishing such assistance, the President may provide for the procurement and transfer from any source of any commodity or service (including processing, storing, transporting, marine insurance, and repairing) or any technical information and assistance.

(b) There is hereby authorized to be appropriated to the President for the fiscal year 1955 to carry out the provisions of this section, not to exceed—

- (1) \$46,000,000 for Europe (excluding Greece and Turkey);
- (2) \$73,000,000 for the Near East (including Greece and Turkey), Africa, and South Asia; and
- (3) \$80,098,195 for the Far East and the Pacific.

In addition, unexpended balances of appropriations heretofore made pursuant to section 541 of the Mutual Security Act of 1951, as amended, are hereby authorized to be continued available for the purpose of this subsection through June 30, 1955, and to be consolidated with the appropriation authorized for the same area by this subsection: *Provided*, That portions of such unexpended balances which have been allocated to assistance for Greece and Turkey shall be consolidated with the appropriation authorized by paragraph (2) of this subsection.



(c) *There is hereby authorized to be appropriated to the President for the fiscal year 1956 to carry out the provisions of this section, not to exceed—*

*(1) \$70,000,000 for Europe (excluding Greece and Turkey);*

*(2) \$102,500,000 for the Near East (including Greece and Turkey) and Africa; and*

*(3) \$827,800,000 for Asia.*

*Funds made available for assistance to Korea from appropriations authorized by this section may be used in accordance with the applicable provisions of section 132 of this Act.*

*(d) In providing assistance in the procurement of commodities in the United States, United States dollars shall be made available for marine insurance on such commodities where such insurance is placed on a competitive basis in accordance with normal trade practice prevailing prior to the outbreak of World War II: Provided, That in the event a participating country, by statute, decree, rule, or regulation, discriminates against any marine insurance company authorized to do business in any State of the United States, then commodities purchased with funds provided hereunder and destined for such country shall be insured in the United States against marine risk with a company or companies authorized to do a marine insurance business in any State of the United States.*

SEC. 132. KOREAN PROGRAM.—(a) There is hereby authorized to be appropriated to the President for the fiscal year 1955 not to exceed \$205,000,000 to be expended, upon terms and conditions specified by the President, for defense support, relief and rehabilitation, and other necessary assistance (including payment of ocean freight charges on shipments for relief and rehabilitation, without regard to section 409 of this Act) in those parts of Korea which the President shall have determined to be not under Communist control. In addition, unexpended balances of funds heretofore allocated for the purpose of relief and rehabilitation in Korea pursuant to the paragraph entitled "Relief and Rehabilitation in Korea", chapter VII, Supplemental Appropriation Act, 1954, and unobligated balances of the appropriation for "Civilian Relief in Korea", title III, Department of Defense Appropriation Act, 1954, are hereby authorized to be continued available for the purposes of this subsection through June 30, 1955, and to be consolidated with the appropriation authorized by this subsection.

(b) (1) Notwithstanding the provisions of any other law, the President is authorized, at any time prior to twenty-four months from the date of enactment of this Act, to transfer to the Republic of Korea, by sale or charter and on such terms and conditions as he may specify, not more than eight C1-M-AV1 vessels. Any agency of the United States Government owning or operating such vessels is authorized to make such vessels available for the purpose of this subsection: *Provided, That if after investigation it is determined by the President that there are privately owned C1-M-AV1 vessels offered and available for sale by American citizens as defined in section 2 of the Shipping Act, 1916, as amended, at prices equal to or less than those provided for in subsection (b) (2) below, such vessels shall be acquired by an owning or operating agency designated by the President for the purpose of this subsection.* Funds made available pursuant to subsection (a) of this section shall be available for the purpose of this subsection.

(2) Such transfers shall be made at prices determined under section 3 of the Merchant Ship Sales Act of 1946 (50 U. S. C., App. 1736):

*Provided*, That such vessels shall be placed in class in accordance with minimum requirements of the American Bureau of Shipping by the owning or operating agency, and the expense of placing in class shall be reimbursed to such agency.

(c) There is hereby authorized to be appropriated for the fiscal year 1955 not to exceed \$3,452,615 for making contributions to the United Nations Korean Reconstruction Agency or expenditure through such other agency for relief and rehabilitation in Korea as the President may direct. In addition, the unexpended balance of the appropriation made pursuant to the last sentence of section 303 (a) of the Mutual Security Act of 1951, as amended, is hereby authorized to be continued available for the purpose of this subsection through June 30, 1955, and to be consolidated with the appropriation authorized by this subsection. Sections 141 and 142 of this Act shall not apply with respect to assistance furnished under this subsection.

(d) To the extent necessary to accomplish the purposes of this section (1) assistance may be furnished under this section without regard to the other provisions of this title and (2) the authority provided in section 307 may be exercised in furnishing assistance under subsection (a) of this section.

#### CHAPTER 4—GENERAL PROVISIONS RELATING TO MUTUAL DEFENSE ASSISTANCE

SEC. 141. CONDITIONS OF ELIGIBILITY FOR ASSISTANCE.—No assistance shall be furnished under this title to any nation or organization unless the President shall have found that furnishing such assistance will strengthen the security of the United States and promote world peace. No such assistance shall be furnished to a nation unless it shall have agreed to the provisions required by section 142, and such additional provisions as the President deems necessary to effectuate the policies and provisions of this title and to safeguard the interests of the United States.

SEC. 142. AGREEMENTS.—No assistance shall be furnished to any nation under this title unless such nation shall have agreed to—

(1) join in promoting international understanding and good will, and maintaining world peace;

(2) take such action as may be mutually agreed upon to eliminate causes of international tension;

(3) fulfill the military obligations, if any, which it has assumed under multilateral or bilateral agreements or treaties to which the United States is a party;

(4) make, consistent with its political and economic stability, the full contribution permitted by its manpower, resources, facilities, and general economic condition to the development and maintenance of its own defensive strength and the defensive strength of the free world;

(5) take all reasonable measures which may be needed to develop its defense capacities;

(6) take appropriate steps to insure the effective utilization of the assistance furnished under this title in furtherance of the policies and purposes of this title;



(7) impose appropriate restrictions against transfer of title to or possession of any equipment and materials, information, or services furnished under chapter 1 of this title, without the consent of the President;

(8) maintain the security of any article, service, or information furnished under chapter 1 of this title;

(9) furnish equipment and materials, services, or other assistance consistent with the Charter of the United Nations, to the United States or to and among other nations to further the policies and purpose of chapter 1 of this title;

(10) permit continuous observation and review by United States representatives of programs of assistance authorized under this title, including the utilization of any such assistance, or provide the United States with full and complete information with respect to these matters, as the President may require [; and].

(11) [in cases where any commodity is furnished on a grant basis under any provision of this Act other than chapter 1 of title I under arrangements which will result in the accrual of proceeds to the recipient nation from the import or sale thereof, establish a Special Account, and—] *In cases where any commodity is to be furnished on a grant basis under chapter 2 or chapter 3 of title I or under title II of this Act under arrangements which will result in the accrual of proceeds to the recipient nation from the import or sale thereof, such assistance shall not be furnished unless the recipient nation shall have agreed to establish a Special Account, and—*

(i) deposit in the Special Account, under such terms and conditions as may be agreed upon, currency of the recipient nation in amounts equal to such proceeds;

(ii) make available to the United States such portion of the Special Account as may be determined by the President to be necessary for the requirements of the United States: *Provided*, That such portion shall not be less than 10 per centum in the case of any country to which such minimum requirement has been applicable under any Act repealed by this Act; and

(iii) utilize the remainder of the Special Account for programs agreed to by the United States to carry out the purposes for which new funds authorized by this Act would themselves be available.

Any unencumbered balances of funds which remain in the Account upon termination of assistance to such nation under this Act shall be disposed of for such purposes as may, subject to approval by Act or joint resolution of the Congress, be agreed to between such country and the Government of the United States.

## TITLE II—DEVELOPMENT ASSISTANCE

SEC. 201. AUTHORIZATION.—(a) There is hereby authorized to be appropriated to the President for the fiscal year 1955, not to exceed—

(1) \$115,000,000 for assistance designed to promote the economic development of the Near East and Africa, and for other

types of assistance designed to help maintain economic and political stability in the area;

(2) \$75,000,000 for assistance designed to promote the economic development of [South Asia] *Asia* and to assist in maintaining economic and political stability in the area; and

(3) \$9,000,000 for assistance designed to promote economic development in the other American Republics and non-self-governing territories of the Western Hemisphere *and to assist in maintaining economic and political stability in the area.*

Such assistance may be furnished on such terms and conditions as the President may specify [ , except that 30 per centum of the funds appropriated pursuant to this subsection shall be available only for furnishing assistance on terms of repayment in accordance with section 505. ]

(b) In addition, unexpended balances of appropriations heretofore made pursuant to sections 206 and 302 (b) of the Mutual Security Act of 1951, as amended, and unexpended balances of funds allocated to the emergency economic aid program for Bolivia are hereby authorized to be continued available for the purposes of this section through June 30, 1955, and to be consolidated with the appropriations authorized by paragraphs (1), (2), and (3) of subsection (a) of this section, respectively.

(c) *There is hereby authorized to be appropriated to the President for the fiscal year 1956 not to exceed \$73,000,000, \$71,000,000, and \$38,000,000 to furnish assistance under paragraphs (1), (2), and (3), respectively, of subsection (a) of this section.*

SEC. 202. ADMINISTRATION.—Except as necessary to accomplish the purposes of section 201, programs of assistance authorized by that section shall be administered in accordance with sections 303 and 308 (relating to technical cooperation). *The authority provided in section 307 may be exercised for purposes of furnishing assistance under section 201.*

### TITLE III—TECHNICAL COOPERATION

SEC. 301. DECLARATION OF PURPOSE.—It is the policy of the United States and the purpose of this title to aid the efforts of the peoples of economically underdeveloped areas to develop their resources and improve their working and living conditions by encouraging the exchange of technical knowledge and skills and the flow of investment capital to countries which provide conditions under which such technical assistance and capital can effectively and constructively contribute to raising standards of living, creating new sources of wealth, increasing productivity and expanding purchasing power.

SEC. 302. GENERAL AUTHORITY AND DEFINITION.—The President is authorized to furnish assistance in accordance with the provisions of this title through bilateral technical cooperation programs. As used in this title, the term “technical cooperation programs” means programs for the international interchange of technical knowledge and skills designed to contribute primarily to the balanced and integrated development of the economic resources and productive capacities of economically underdeveloped areas. Such activities shall be limited to economic, engineering, medical, educational, labor, agricultural,



forestry, fishery, mineral, and fiscal surveys, demonstration, training, and similar projects that serve the purpose of promoting the development of economic resources, productive capacities, and trade of economically underdeveloped areas, and training in public administration. The term "technical cooperation programs" does not include such activities authorized by the United States Information and Educational Exchange Act of 1948 (62 Stat. 6) as are not primarily related to economic development, nor activities undertaken now or hereafter pursuant to the International Aviation Facilities Act (62 Stat. 450), nor activities undertaken now or hereafter in the administration of areas occupied by the United States Armed Forces.

SEC. 303. PREREQUISITES TO ASSISTANCE.—Assistance shall be made available under section 302 of this Act only where the President determines that the nation being assisted—

- (a) pays a fair share of the cost of the program;
- (b) provides all necessary information concerning such program and gives the program full publicity;
- (c) seeks to the maximum extent possible full coordination and integration of technical cooperation programs being carried on in that nation;
- (d) endeavors to make effective use of the results of the program; and
- (e) cooperates with other nations participating in the program in the mutual exchange of technical knowledge and skills.

SEC. 304. AUTHORIZATION.—(a) There is hereby authorized to be appropriated to the President for the fiscal year 1955, \$88,570,000 for technical cooperation programs in the Near East, Africa, South Asia, and Far East and Pacific, and \$28,500,000 for such programs in Latin America. In addition, unexpended balances of appropriations heretofore made pursuant to section 543 of the Mutual Security Act of 1951, as amended, are authorized to be continued available for the purposes of this section through June 30, 1955, and to be consolidated with the appropriation authorized by this section.

(b) *There is hereby authorized to be appropriated to the President for the fiscal year 1956 not to exceed \$146,500,000 for technical cooperation programs in the Near East and Africa, Asia and Latin America.*

SEC. 305. LIMITATION ON USE OF FUNDS.—Funds made available under section 304 may be expended to furnish assistance in the form of equipment or commodities only where necessary for instruction or demonstration purposes.

SEC. 306. MULTILATERAL TECHNICAL COOPERATION.—As one means of accomplishing the purposes of this title, the United States is authorized to participate in multilateral technical cooperation programs carried on by the United Nations, the Organization of American States their related organizations, and other international organizations, wherever practicable. There is hereby authorized to be appropriated to carry out the purpose of this section, in addition to the amounts authorized by section 304, not to exceed—

- (a) \$17,958,000 for making contributions to the United Nations Expanded Program of Technical Assistance; *in addition,*

*\$24,000,000 for the fiscal year 1956 for contributions to the United Nations Expanded Program of Technical Assistance;*

(b) \$1,500,000 for making contributions to the technical cooperation program of the Organization of American States; *in addition, \$1,500,000 for the fiscal year 1956 for contributions to the technical cooperation programs of the Organization of American States.*

SEC. 307. ADVANCES AND GRANTS; CONTRACTS.—The President may make advances and grants-in-aid of technical cooperation programs to any person, corporation, or other body of persons or to any foreign government agency. The President may make and perform contracts and agreements in respect of technical cooperation programs on behalf of the United States Government with any person, corporation, or other body of persons however designated, whether within or without the United States, or with any foreign government or foreign government agency. A contract or agreement which entails commitments for the expenditure of funds appropriated pursuant to this title may, subject to any future action of the Congress, run for not to exceed three years.

SEC. 308. INTERNATIONAL DEVELOPMENT ADVISORY BOARD.—There shall be an advisory board, referred to in this section as the "Board", which shall advise and consult with the President, or such other officer as he may designate to administer this title, with respect to general or basic policy matters arising in connection with the operation of programs authorized by this title, title II, and section 413 (b). The Board shall consist of not more than thirteen members appointed by the President, one of whom, by and with the advice and consent of the Senate, shall be appointed by him as chairman. The members of the Board shall be broadly representative of voluntary agencies and other groups interested in the programs, including business, labor, agriculture, public health, and education. All members of the Board shall be citizens of the United States; none except the chairman shall be an officer or an employee of the United States (including any United States Government agency) who as such regularly receives compensation for current services. Members of the Board, other than the chairman if he is an officer of the United States Government, shall receive out of funds made available for the purpose of this title a per diem allowance of \$50 for each day spent away from their homes or regular places of business for the purpose of attendance at meetings of the Board or at conferences held upon the call of the chairman, and in necessary travel, and while so engaged they may be paid actual travel expenses and not to exceed \$10 per diem, *or at the applicable rate prescribed in the Standardized Government Travel Regulations, as amended from time to time, whichever is higher*, in lieu of subsistence and other expenses.

#### TITLE IV—OTHER PROGRAMS

SEC. 401. SPECIAL FUND.—(a) Of the funds made available under this Act, not to exceed **[\$150,000,000]** *\$50,000,000, in addition to the funds authorized to be appropriated under subsection (b) hereof*, may be used in any fiscal year, without regard to the requirements of this Act or any other Act for which funds are authorized by this Act, in furtherance of any of the purposes of such Acts, when the President



determines that such use is important to the security of the United States. Not to exceed \$100,000,000 of the funds available under this section may be expended for any selected persons who are residing in or escapees from the Soviet Union, Poland, Czechoslovakia, Hungary, Rumania, Bulgaria, Albania, Lithuania, Latvia, and Estonia or the Communist-dominated or Communist-occupied areas of Germany and Austria, or any Communist-dominated or Communist-occupied areas of Asia and any other countries absorbed by the Soviet Union, either to form such persons into elements of the military forces supporting the North Atlantic Treaty Organization or for other purposes, when the President determines that such assistance will contribute to the defense of the North Atlantic area or to the security of the United States. Certification by the President that he has expended amounts under this [section] Act not in excess of \$50,000,000, and that it is inadvisable to specify the nature of such expenditures, shall be deemed a sufficient voucher for such amounts. Not more than \$20,000,000 of the funds available under this section may be allocated to any one nation in any fiscal year.

(b) *There is hereby authorized to be appropriated to the President for the fiscal year 1956 \$100,000,000 for use in accordance with subsection (a) of this section.*

SEC. 402. EARMARKING OF FUNDS.—Of the funds authorized to be made available pursuant to this Act not less than **[\$350,000,000]** \$600,000,000 shall be used *during the fiscal year 1955, and not less than \$300,000,000 shall be used during the fiscal year 1956*, to finance the export and sale for foreign currencies of surplus agricultural commodities or products thereof produced in the United States, in addition to surplus agricultural commodities or products transferred pursuant to the Agricultural Trade Development and Assistance Act of 1954, and in accordance with the standards as to pricing and the use of private trade channels expressed in section 101 of said Act. Foreign currency proceeds accruing from such sales shall be used for the purposes of this Act and with particular emphasis on the purposes of section 104 of the Agricultural Trade Development and Assistance Act of 1954 which are in harmony with the purposes of this Act. Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, the President may use or enter into agreements with friendly nations or organizations of nations to use for such purposes the foreign currencies which accrue to the United States under this section.

SEC. 403. SPECIAL ASSISTANCE IN JOINT CONTROL AREAS.—(a) The President is hereby authorized to furnish commodities, services, and financial and other assistance to nations and areas for which the United States has responsibility *at the time of the enactment of this Act* as a result of participation in joint control arrangements where found by the President to be in the interest of the security of the United States. There is hereby authorized to be appropriated to the President for the fiscal year 1955 not to exceed \$25,000,000 to carry out this section.

(b) *There is hereby authorized to be appropriated to the President for the fiscal year 1956 not to exceed \$21,000,000 to carry out this section.*

SEC. 404. RESPONSIBILITIES IN GERMANY.—Upon approval by the Secretary of State, a part of the German currency now or hereafter deposited under the bilateral agreement of December 15, 1949, between

the United States and the Federal Republic of Germany (or any supplementary or succeeding agreement) shall be deposited in the GARIOA (Government and Relief in Occupied Areas) Special Account under the terms of article V of that agreement, and currency which has been or may be deposited in said account, and any portion of funds made available for assistance to the Federal Republic of Germany pursuant to section 403 of this Act, may be used for expenses necessary to meet the responsibilities or objectives of the United States in Germany, including responsibilities arising under the supreme authority assumed by the United States on June 5, 1945, and under contractual arrangements with the Federal Republic of Germany. Expenditures may be made under authority of this section in amounts and under conditions determined by the Secretary of State after consultation with the official primarily responsible for administration of programs under chapter 3 of title I, and without regard to any provision of law which the President determines must be disregarded in order to meet such responsibilities or objectives.

SEC. 405. **【MOVEMENT OF MIGRANTS AND REFUGEES】** *MIGRANTS, REFUGEES, AND ESCAPEES.*—(a) The President is hereby authorized to continue membership for the United States on the Intergovernmental Committee for European Migration in accordance with its constitution approved in Venice, Italy, on October 19, 1953. For the purpose of assisting in the movement of migrants, there is hereby authorized to be appropriated not to exceed \$11,189,190 for contributions during the calendar year 1955 to the Intergovernmental Committee for European Migration, *and for the fiscal year 1956 not to exceed \$12,500,000 for contributions to the Committee*, and thereafter such amounts as may be necessary from time to time for the payment by the United States of its contributions to the Committee and all necessary salaries and expenses incident to United States participation in the Committee. In addition, the unexpended balance of the appropriation made pursuant to section 534 of the Mutual Security Act of 1951, as amended, is hereby authorized to be continued available for the purpose of this subsection through June 30, 1955, and to be consolidated with the appropriation authorized in this subsection.

(b) Of the funds made available under this Act, not more than \$800,000 may be used by the President to facilitate the migration to the other American Republics of persons resident in that portion of the Ryukyu Island Archipelago under United States control.

(c) **【There is hereby authorized to be appropriated for the fiscal year 1955 not to exceed \$500,000 for contributions to the United Nations Refugee Emergency Fund.】** *There is hereby authorized to be appropriated for the fiscal year 1956 not to exceed \$1,400,000 for contributions to the United Nations Refugee Fund.*

(d) *There is hereby authorized to be appropriated to the President for the fiscal year 1956 not to exceed \$6,000,000 for continuation of activities, including care, training, and resettlement, which have been undertaken for selected escapees under section 401 of this Act.*

SEC. 406. **CHILDREN'S WELFARE.**—(a) There is hereby authorized to be appropriated not to exceed \$13,500,000 for contributions during the fiscal year 1955 to the United Nations Children's Fund.

(b) *There is hereby authorized to be appropriated for the fiscal year 1956 not to exceed \$14,500,000 for contributions to the United Nations Children's Fund.*



SEC. 407. PALESTINE REFUGEES IN THE NEAR EAST.—(a) There is hereby authorized to be appropriated to the President for the fiscal year 1955, not to exceed \$30,000,000, to be used to make contributions to the United Nations Relief and Works Agency for Palestine Refugees in the Near East. In addition, the unexpended balance of the appropriation made for the Palestine refugee program in the Mutual Security Appropriation Act, 1954, is hereby authorized to be continued available for the purpose of this section through June 30, 1955. Whenever the President shall determine that it would more effectively contribute to the relief, rehabilitation, and resettlement of Palestine refugees in the Near East, he may expend any part of the funds made available pursuant to this section through any other agency he may designate.

(b) *There is hereby authorized to be appropriated to the President for the fiscal year 1956 not to exceed \$65,000,000 to be used to make contributions to the United Nations Relief and Works Agency for Palestine Refugees in the Near East.*

SEC. 408. NORTH ATLANTIC TREATY ORGANIZATION.—(a) In order to provide for United States participation in the North Atlantic Treaty Organization, there is hereby authorized to be appropriated for the fiscal year 1955 not to exceed \$3,200,000, and for the fiscal year 1956 not to exceed \$3,700,000, for payment by the United States of its share of the expenses of the Organization, and thereafter such amounts as may be necessary from time to time for the payment by the United States of its share of the expenses of the Organization and all necessary salaries and expenses of the United States permanent representative to the Organization, of such persons as may be appointed to represent the United States in the subsidiary bodies of the Organization or in any multilateral organization which participates in achieving the aims of the North Atlantic Treaty, and of their appropriate staffs, and the expenses of participation in meetings of such organizations, including salaries, expenses, and allowances of personnel and dependents as authorized by the Foreign Service Act of 1946, as amended (22 U. S. C. 801), and allowances and expenses as provided in section 6 of the Act of July 30, 1946 (22 U. S. C. 287r).

(b) The United States permanent representative to the North Atlantic Treaty Organization shall be appointed by the President by and with the advice and consent of the Senate and shall hold office at the pleasure of the President. Such representative shall have the rank and status of ambassador extraordinary and plenipotentiary and shall be a chief of mission, class 1, within the meaning of the Foreign Service Act of 1946, as amended (22 U. S. C. 801).

(c) Persons detailed to the international staff of the North Atlantic Treaty Organization in accordance with section 529 of this Act who are appointed as Foreign Service Reserve officers may serve for periods of more than four years notwithstanding the limitation in section 522 of the Foreign Service Act of 1946, as amended (22 U. S. C. 922).

SEC. 409. OCEAN FREIGHT CHARGES.—(a) In order to further the efficient use of United States voluntary contributions for relief and rehabilitation in nations and areas eligible for assistance under this Act, the President may pay ocean freight charges from United States ports to designated ports of entry of such nations and areas on shipments by United States voluntary nonprofit relief agencies registered

with and approved by the Advisory Committee on Voluntary Foreign Aid and shipments by the American Red Cross.

(b) Where practicable the President shall make arrangements with the receiving nation for free entry of such shipments and for the making available by that nation of local currencies for the purpose of defraying the transportation cost of such shipments from the port of entry of the receiving nation to the designated shipping point of the consignee.

(c) There is hereby authorized to be appropriated to the President for the fiscal year 1955 not to exceed \$4,400,000 to carry out the purposes of this section; and, in addition, unexpended balances of appropriations heretofore made pursuant to section 535 of the Mutual Security Act of 1951, as amended, are authorized to be continued available for the purposes of this section through June 30, 1955, and to be consolidated with the appropriation authorized in this section. *There is hereby authorized to be appropriated to the President for the fiscal year 1956 not to exceed \$2,000,000 to carry out the purposes of this section.*

(d) [In addition, any funds made available under this Act may be used, in amounts determined by the President, to pay ocean freight charges on shipments of surplus agricultural commodities, including commodities made available pursuant to any Act for the disposal abroad of United States agricultural surpluses.] *There is hereby authorized to be appropriated to the President for the fiscal year 1956 not to exceed \$13,000,000 to pay ocean freight charges on shipments of surplus agricultural commodities, including commodities made available pursuant to any Act for the disposal abroad of United States agricultural surpluses. In addition, any funds made available under this Act may be used, in amounts determined by the President, for the purposes of this subsection.*

SEC. 410. CONTROL ACT EXPENSES.—There is hereby authorized to be appropriated to the President for the fiscal year 1955 not to exceed \$1,300,000, and for the fiscal year 1956 not to exceed \$1,175,000, for carrying out the objectives of the Mutual Defense Assistance Control Act of 1951 (22 U. S. C. 1611). In addition, in accordance with section 303 of that Act, funds made available for carrying out chapter 1 of title I of this Act shall be available for carrying out the purpose of this section in such amounts as the President may direct.

SEC. 411. [ADMINISTRATIVE EXPENSES] *ADMINISTRATIVE AND OTHER EXPENSES.*—(a) Whenever possible, the expenses of administration of this Act shall be paid for in the currency of the nation where the expense is incurred.

(b) [There is hereby authorized to be appropriated to the President for the fiscal year 1955 not to exceed \$34,700,000 for all necessary administrative expenses incident to carrying out the provisions of this Act other than chapter 1 of title I, including expenses for compensation, allowances and travel of personnel, including Foreign Service personnel whose services are utilized primarily for the purposes of this Act, and, without regard to the provisions of any other law, for printing and binding, and for expenditures outside the continental limits of the United States for the procurement of supplies and services and for other administrative purposes (other than compensation of personnel) without regard to such laws and regulations governing the obligation and expenditure of Government funds as may be necessary to accomplish the purposes of this Act.] *There is*



hereby authorized to be appropriated to the President for the fiscal year 1955 not to exceed \$34,700,000, and for the fiscal year 1956 not to exceed \$35,225,000, for all necessary administrative expenses incident to carrying out the provisions of this Act other than chapter 1 of title I and section 124.

(c) Funds made available for the purposes of this Act may be used for compensation, allowances, and travel of personnel, including Foreign Service personnel whose services are utilized primarily for the purposes of this Act, and without regard to the provisions of any other law, for printing and binding, and for expenditures outside the continental limits of the United States for the procurement of supplies and services and for other administrative and operating purposes (other than compensation of personnel) without regard to such laws and regulations governing the obligation and expenditure of government funds as may be necessary to accomplish the purposes of this Act.

SEC. 412. CHINESE AND KOREAN STUDENTS.—Funds heretofore allocated to the Secretary of State pursuant to the last proviso of section 202 of the China Area Aid Act of 1950 (22 U. S. C. 1547) shall continue to be available until expended, under such regulations as the Secretary of State may prescribe, using private agencies to the maximum extent practicable, for necessary expenses of tuition, subsistence, transportation, and emergency medical care for selected citizens of China and of Korea for studying or teaching in accredited colleges, universities, or other educational institutions in the United States approved by the Secretary of State for the purpose, or for research and related academic and technical activities in the United States, and such selected citizens of China who have been admitted for the purpose of study in the United States shall be granted permission to accept employment upon application filed with the Commissioner of Immigration and Naturalization pursuant to regulations promulgated by the Attorney General.

SEC. 413. ENCOURAGEMENT OF FREE ENTERPRISE AND PRIVATE PARTICIPATION.—(a) The Congress recognizes the vital role of free enterprise in achieving rising levels of production and standards of living essential to the economic progress and defensive strength of the free world. Accordingly, it is declared to be the policy of the United States to encourage the efforts of other free nations to increase the flow of international trade, to foster private initiative and competition, to discourage monopolistic practices, to improve the technical efficiency of their industry, agriculture and commerce, and to strengthen free labor unions; and to encourage the contribution of United States enterprise toward the economic strength of other free nations, through private trade and investment abroad, private participation in the programs carried out under this Act (including the use of private trade channels to the maximum extent practicable in carrying out such programs), and exchange of ideas and technical information on the matters covered by this section.

(b) In order to encourage and facilitate participation by private enterprise to the maximum extent practicable in achieving any of the purposes of this Act, the President—

(1) shall make arrangements to find and draw the attention of private enterprise to opportunities for investment and development in other free nations;

(2) shall accelerate a program of negotiating treaties for commerce and trade, including tax treaties, which shall include provisions to encourage and facilitate the flow of private investment to nations participating in programs under this Act;

(3) shall, consistent with the security and best interests of the United States, seek compliance by other countries or a dependent area of any country with all treaties for commerce and trade and taxes and shall take all reasonable measures under this Act or other authority to secure compliance therewith and to assist United States citizens in obtaining just compensation for losses sustained by them or payments exacted from them as a result of measures taken or imposed by any country or dependent area thereof in violation of any such treaty; and

(4) may make, until June 30, 1957, under rules and regulations prescribed by him, guaranties to any person of investments in connection with projects, including expansion, modernization, or development of existing enterprises, in any nation with which the United States has agreed to institute the guaranty program: *Provided, That—*

(A) such projects shall be approved by the President as furthering any of the purposes of this Act, and by the nation concerned;

(B) the guaranty to any person shall be limited to assuring any or all of the following:

(i) the transfer into United States dollars of other currencies, or credits in such currencies, received by such person as earnings or profits from the approved project, as repayment or return of the investment therein, in whole or in part, or as compensation for the sale or disposition of all or any part thereof;

(ii) the compensation in United States dollars for loss of all or any part of the investment in the approved project which shall be found by the President to have been lost to such person by reason of expropriation or confiscation by action of the government of a foreign nation;

(C) when any payment is made to any person pursuant to a guaranty as hereinbefore described, the currency, credits, assets, or investment on account of which such payment is made shall become the property of the United States Government, and the United States Government shall be subrogated to any right, title, claim or cause of action existing in connection therewith;

(D) the guaranty to any person shall not exceed the amount of dollars invested in the project by such person with the approval of the President plus actual earnings or profits on said project to the extent provided by such guaranty, and shall be limited to a term not exceeding twenty years from the date of issuance;

(E) a fee shall be charged in an amount not exceeding 1 per centum per annum of the amount of each guaranty under clause (i) of subparagraph (B), and not exceeding 4 per centum per annum of the amount of each guaranty under clause (ii) of such subparagraph, and all fees collected



hereunder shall be available for expenditure in discharge of liabilities under guaranties made under this section until such time as all such liabilities have been discharged or have expired, or until all such fees have been expended in accordance with the provisions of this section;

(F) the President is authorized to issue guaranties up to a total of \$200,000,000: *Provided*, That any funds allocated to a guaranty and remaining after all liability of the United States assumed in connection therewith has been released, discharged, or otherwise terminated, shall be available for allocation to other guaranties, the foregoing limitation notwithstanding. Any payments made to discharge liabilities under guaranties issued under this subsection shall be paid out of fees collected under subparagraph (E) as long as such fees are available, and thereafter shall be paid out of funds realized from the sale of notes which have been issued under authority of paragraph 111 (c) (2) of the Economic Cooperation Act of 1948, as amended, when necessary to discharge liabilities under any such guaranty;

(G) the guaranty program authorized by this paragraph shall be used to the maximum practicable extent and shall be administered under broad criteria so as to facilitate and increase the participation of private enterprise in achieving any of the purposes of this Act;

(H) as used in this paragraph—

(i) the term “person” means a citizen of the United States or any corporation, partnership, or other association created under the law of the United States or of any State or Territory and substantially beneficially owned by citizens of the United States, and

(ii) the term “investment” includes any contribution of capital goods, materials, equipment, services, patents, processes, or techniques by any person in the form of (1) a loan or loans to an approved project, (2) the purchase of a share of ownership in any such project, (3) participation in royalties, earnings, or profits of any such project, and (4) the furnishing of capital goods items and related services pursuant to a contract providing for payment in whole or in part after the end of the fiscal year in which the guaranty of such investment is made.

SEC. 414. MUNITIONS CONTROL.—(a) The President is authorized to control, in furtherance of world peace and the security and foreign policy of the United States, the export and import of arms, ammunition, and implements of war, including technical data relating thereto, other than by a United States Government agency. The President is authorized to designate those articles which shall be considered as arms, ammunition, and implements of war, including technical data relating thereto, for the purposes of this section.

(b) As prescribed in regulations issued under this section, every person who engages in the business of manufacturing, exporting, or importing any arms, ammunition, or implements of war, including technical data relating thereto, designated by the President under subsection (a) shall register with the United States Government

agency charged with the administration of this section, and, in addition, shall pay a registration fee which shall be prescribed by such regulations.

(c) Any person who willfully violates any provision of this section or any rule or regulation issued under this section, or who willfully, in a registration or license application, makes any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading, shall upon conviction be fined not more than \$25,000 or imprisoned not more than two years, or both.

SEC. 415. ASSISTANCE TO INTERNATIONAL ORGANIZATION.—Whenever it will assist in achieving purposes declared in this Act, the President is authorized to use funds available under sections 131 and 403 in order to furnish assistance, including by transfer of funds, directly to the North Atlantic Treaty Organization, for a strategic stockpile of foodstuffs and other supplies, or for other purposes.

SEC. 416. FACILITATION AND ENCOURAGEMENT OF TRAVEL.—The President, through such officer or commission as he may designate, shall facilitate and encourage, without cost to the United States except for administrative expenses, the promotion and development of travel by citizens of the United States to and within countries receiving assistance under this Act and travel by citizens of such countries to the United States.

SEC. 417. IRISH COUNTERPART.—Pursuant to section 115 (b) (6) of the Economic Cooperation Act of 1948, as amended, the disposition within Ireland of the unencumbered balance, in the amount of approximately 6,000,000 Irish pounds, of the special account of Irish funds established under article IV of the Economic Cooperation Agreement between the United States of America and Ireland, dated June 28, 1948, for the purposes of—

(1) scholarship exchange between the United States and Ireland;

(2) other programs and projects (including the establishment of an Agricultural Institute) to improve and develop the agricultural production and marketing potential of Ireland and to increase the production and efficiency of Irish industry; and

(3) development programs and projects in aid of the foregoing objectives,

is hereby approved, as provided in the agreement between the Government of the United States of America and the Government of Ireland, dated June 17, 1954.

SEC. 418. PRESIDENT'S FUND FOR ASIAN ECONOMIC DEVELOPMENT.—

(a) *The Congress of the United States reaffirms the policy of the United States to contribute to international peace and security through assisting the peoples of free Asia in their efforts to attain economic and social well-being, to safeguard basic rights and liberties, and to protect their security and independence. The Congress hereby recognizes that fundamental to these goals is an expanding economic growth of the free Asia area based upon self-help and mutual cooperation and full utilization of already existing resources and knowledge. The Congress expresses the willingness of the people of the United States to support the foregoing objectives to the extent to which the countries in the area continue to make effective use of their own resources and external resources otherwise available to them.*



(b) *In order to carry out the purposes of this section, there is hereby authorized to be established a fund, to be known as the "President's Fund for Asian Economic Development" (hereinafter referred to as "the Fund"), and there is hereby authorized to be appropriated to the President for the Fund an amount of \$200,000,000, such amount to remain available until June 30, 1958.*

(c) *The President is authorized to utilize the appropriations made available for the Fund to accomplish in the free Asian area the policies and purposes declared in this Act and to disburse them on such terms and conditions, including transfer of funds, as he may specify to any person, corporation, or other body of persons however designated, or to any foreign government, agency, or organization or group of governments or agencies as may be appropriate: Provided, however, That not less than 50 per centum of the funds appropriated pursuant to this section shall be available only for furnishing assistance on terms of repayment in accordance with the provisions of section 505, and not more than 25 per centum of said funds may be allocated for assistance to any one nation.*

(d) *In utilizing the Fund the President shall give preference to projects or programs that will clearly contribute to promoting greater economic strength in the area as a whole or among a group or groups of countries of the area.*

## TITLE V—MISCELLANEOUS PROVISIONS

### CHAPTER 1. GENERAL PROVISIONS

SEC. 501. TRANSFERABILITY OF FUNDS.—Whenever the President determines it to be necessary for the purposes of this Act, not to exceed 10 per centum of the funds made available pursuant to any provision of this Act may be transferred *in any fiscal year* to and consolidated with the funds made available pursuant to any other provision of this Act, and may be used for any of the purposes for which such funds may be used, except that the total in the provision for the benefit of which the transfer is made shall not be increased *in any fiscal year* by more than 20 per centum of the amount made available for such provision pursuant to this Act. Funds transferred under this section to furnish military assistance under chapter 1 of title I may be expended without regard to the area limits imposed by section 105 (c). [Of any funds transferred under this section for the purpose of furnishing assistance under section 201, 30 per centum shall be available only for furnishing assistance on terms of repayment in accordance with section 505. Not less than 50 per centum of any assistance furnished under paragraph (1), (2), or (3) of section 201 (a) with funds transferred under this section shall be furnished on terms of repayment in accordance with section 505.]

SEC. 502. USE OF FOREIGN CURRENCY.—(a) Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, proceeds of sales made under section 550 of the Mutual Security Act of 1951, as amended, shall remain available and shall be used for any of the purposes of this Act, giving particular regard to the following purposes—

(1) for providing military assistance to nations or mutual defense organizations eligible to receive assistance under this Act;

(2) for purchase of goods or services in friendly nations;

(3) for loans, under applicable provisions of this Act, to increase production of goods or services, including strategic materials, needed in any nation with which an agreement was negotiated, or in other friendly nations, with the authority to use currencies received in repayment for the purposes stated in this section or for deposit to the general account of the Treasury of the United States;

(4) for developing new markets on a mutually beneficial basis;

(5) for grants-in-aid to increase production for domestic needs in friendly countries; and

(6) for purchasing materials for United States stockpiles.

(b) Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, local currencies owned by the United States shall be made available to appropriate committees of the Congress engaged in carrying out their duties under section 136 of the Legislative Reorganization Act of 1946, as amended, *and to the Joint Committee on Atomic Energy and the Joint Committee on the Economic Report*, for their local currency expenses: *Provided*, That any such committee of the Congress which uses local currency shall make a full report thereof to the Committee on House Administration of the House of Representatives (if the committee using such currency is a committee of the House of Representatives) or to the Committee on Rules and Administration of the Senate (if the committee using such currency is a committee of the Senate *or a joint committee of the Congress*), showing the total amount of such currency so used in each country and the purposes for which it was expended.

SEC. 503. TERMINATION OF ASSISTANCE.—(a) If the President determines that the furnishing of assistance to any nation under any provision of this Act—

(1) is no longer consistent with the national interest or security or the foreign policy of the United States; or

(2) would no longer contribute effectively to the purposes for which such assistance is furnished; or

(3) is no longer consistent with the obligations and responsibilities of the United States under the Charter of the United Nations,

he shall terminate all or part of any assistance furnished pursuant to this Act. If the President determines that any nation which is receiving assistance under chapter 1 of title I of this Act is not making its full contribution to its own defense or to the defense of the area of which it is a part, he shall terminate all or part of such assistance. Assistance to any nation under any provision of this Act may, unless sooner terminated by the President, be terminated by concurrent resolution. Funds made available under this Act shall remain available for twelve months from the date of termination under this subsection for the necessary expenses of liquidating assistance programs.

[(b) (1) After June 30, 1955, none of the authority conferred by this Act may be exercised for the purpose of carrying out any function authorized by title II; except that during the twelve months following such date (i) funds which have been obligated on or before that date shall remain available for expenditure, (ii) equipment, materials, commodities, and services with respect to which funds have been obligated on or before such date for procurement for, shipment



to, or delivery in a recipient country may be transferred to such country, and (iii) funds appropriated under authority of this Act may be obligated (A) for the necessary expenses of procurement, shipment, delivery, and other activities essential to such transfer and (B) for the necessary expenses of liquidating operations incident to such functions.

[(2) At such time as the President shall find appropriate, the powers, duties, and authority conferred by this Act with respect to such function may be transferred for the purpose of liquidation to such other United States Government agencies as the President shall specify, and the relevant funds, records, property, and personnel may be transferred to the agencies to which the related functions are transferred.]

[(c)] (b) Unless sooner abolished under section 525, the Foreign Operations Administration shall cease to exist at the close of June 30, 1955.

SEC. 504. SMALL BUSINESS.—(a) Insofar as practicable and to the maximum extent consistent with the accomplishment of the purposes of this Act, the President shall assist American small business to participate equitably in the furnishing of commodities and services financed with funds authorized under titles II, III, and IV, and chapters 2 and 3 of title I, of this Act—

(1) by causing to be made available to suppliers in the United States and particularly to small independent enterprises, information, as far in advance as possible, with respect to purchases proposed to be financed with such funds.

(2) by causing to be made available to prospective purchasers in the nations receiving assistance under this Act information as to commodities and services produced by small independent enterprises in the United States, and

(3) by providing for additional services to give small business better opportunities to participate in the furnishing of commodities and services financed with such funds.

(b) There shall be an Office of Small Business, headed by a Special Assistant for Small Business, in such United States Government agency as the President may direct, to assist in carrying out the provisions of subsection (a) of this section.

(c) The Secretary of Defense shall assure that there is made available to suppliers in the United States, and particularly to small independent enterprises, information with respect to purchases made by the Department of Defense pursuant to chapter 1 of title I, such information to be furnished as far in advance as possible.

SEC. 505. LOAN ASSISTANCE AND SALES.—(a) Assistance under this Act may be furnished on a grant basis or on such terms, including cash, credit, or other terms of repayment (including repayment in foreign currencies or by transfer to the United States of materials required for stockpiling or other purposes) as may be determined to be best suited to the achievement of the purposes of this Act. *Whenever commodities or services are sold for foreign currencies the President, notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, may use or enter into arrangements with friendly nations or organizations of nations to use such currencies for the purposes for which the funds providing the commodities or services which generated the currencies were appropriated.*

(b) Of the funds made available pursuant to this Act and foreign currencies accruing to the United States under section 402, the equivalent of not less than \$200,000,000 shall be available only for the furnishing of assistance on terms of repayment. Funds for the purpose of furnishing assistance on terms of repayment shall be allocated to the Export-Import Bank of Washington, which shall, notwithstanding the provisions of the Export-Import Bank Act of 1945 (59 Stat. 526), as amended, make and administer the credit on such terms. Credits made by the Export-Import Bank of Washington with funds so allocated to it shall not be considered in determining whether the Bank has outstanding at any one time loans and guaranties to the extent of the limitation imposed by section 7 of the Export-Import Bank Act of 1945 (59 Stat. 529), as amended. Amounts received in repayment of principal and interest on any loan made under this section shall be held by the Treasury to be used for such purposes, including further loans, as may be authorized from time to time by Congress. Amounts received in repayment of principal and interest on any credits made under paragraph 111 (c) (2) of the Economic Cooperation Act of 1948, as amended, shall be deposited into miscellaneous receipts of the Treasury, except that, to the extent required for such purpose, amounts received in repayment of principal and interest on any credits made out of funds realized from the sale of notes heretofore authorized to be issued for the purpose of financing assistance on a credit basis under paragraph 111 (c) (2) of the Economic Cooperation Act of 1948, as amended, shall be deposited into the Treasury for the purpose of the retirement of such notes.

SEC. 506. PATENTS AND TECHNICAL INFORMATION.—(a) As used in this section—

(1) the term “invention” means an invention or discovery covered by a patent issued by the United States; and

(2) the term “information” means information originated by or peculiarly within the knowledge of the owner thereof and those in privity with him, which is not available to the public and is subject to protection as property under recognized legal principles.

(b) Whenever, in connection with the furnishing of any assistance in furtherance of the purposes of this Act—

(1) use within the United States, without authorization by the owner, shall be made of an invention; or

(2) damage to the owner shall result from the disclosure of information by reason of acts of the United States or its officers or employees,

the exclusive remedy of the owner of such invention or information shall be by suit against the United States in the Court of Claims or in the District Court of the United States for the district in which such owner is a resident for reasonable and entire compensation for unauthorized use or disclosure. In any such suit the United States may avail itself of any and all defenses, general or special, that might be pleaded by any defendant in a like action.

(c) Before such suit against the United States has been instituted, the head of the appropriate United States Government agency, which has furnished any assistance in furtherance of the purposes of this Act, is authorized and empowered to enter into an agreement with the



claimant, in full settlement and compromise of any claim against the United States hereunder.

(d) The provisions of the last sentence of section 1498 of title 28 of the United States Code shall apply to inventions and information covered by this section.

(e) Except as otherwise provided by law, no recovery shall be had for any infringement of a patent committed more than six years prior to the filing of the complaint or counterclaim for infringement in the action, except that the period between the date of receipt by the Government of a written claim under subsection (c) above for compensation for infringement of a patent and the date of mailing by the Government of a notice to the claimant that his claim has been denied shall not be counted as part of the six years, unless suit is brought before the last-mentioned date.

SEC. 507. AVAILABILITY OF FUNDS.—Except as otherwise provided in sections 104 (pertaining to infrastructure), 405 (pertaining to movement of migrants), 408 (a) (pertaining to North Atlantic Treaty Organization), and 412 (pertaining to Chinese and Korean students), funds shall be available to carry out the provisions of this Act (other than sections 414 and 416) as authorized and appropriated to the President each fiscal year.

SEC. 508. LIMITATION ON FUNDS FOR PROPAGANDA.—None of the funds herein authorized to be appropriated nor any counterpart funds shall be used to pay for personal services or printing, or for other expenses of the dissemination within the United States of general propaganda in support of the mutual security program, or to pay the travel or other expenses outside the United States of any citizen or group of citizens of the United States for the purpose of publicizing such program within the United States.

SEC. 509. SHIPPING ON UNITED STATES VESSELS.—Such steps as may be necessary shall be taken to assure, as far as practicable, that at least 50 per centum of the gross tonnage of commodities, materials and equipment procured out of funds made available under sections 103, 123, 131, 132 (a), 201, 304, and 403 of this Act and transported to or from the United States on ocean vessels, computed separately for dry bulk carriers, dry cargo liner and tanker services and computed separately for section 103, and for sections 123, 131, 132 (a), 201, 304, and 403 (taken together) is so transported on United States flag commercial vessels to the extent such vessels are available at market rates for United States flag commercial vessels provided such rates are fair and reasonable; and, in the administration of this provision, steps shall be taken, insofar as practicable and consistent with the purposes of this Act, to secure a fair and reasonable participation by United States flag commercial vessels in cargoes by geographic area. *The ocean transportation between foreign countries of commodities, materials, and equipment procured out of local currency funds made available or derived from funds made available under this Act shall not be governed by the provisions of section 901 (b) of the Merchant Marine Act of 1936, or any other law relating to the ocean transportation of commodities, materials and equipment on United States flag vessels.*

SEC. 510. PURCHASE OF COMMODITIES.—No funds made available under title II or chapter 3 of title I of this Act shall be used for the purchase in bulk of any commodities at prices higher than the market price prevailing in the United States at the time of the purchase

adjusted for differences in the cost of transportation to destination, quality, and terms of payment. A bulk purchase within the meaning of this section does not include the purchase of raw cotton in bales. Funds made available under title II or chapter 3 of title I of this Act may be used for the procurement of commodities outside the United States unless the President determines that such procurement will result in adverse effects upon the economy of the United States, with special reference to any areas of labor surplus, or upon the industrial mobilization base, which outweigh the economic advantages to the United States of less costly procurement abroad. In providing for the procurement of any surplus agricultural commodity for transfer by grant under this Act to any recipient nation in accordance with the requirements of such nation, the President shall, insofar as practicable and where in furtherance of the purposes of this Act, authorize the procurement of such surplus agricultural commodity only within the United States except to the extent that any such surplus agricultural commodity is not available in the United States in sufficient quantities to supply the requirements of the nations receiving assistance under this Act.

SEC. 511. RETENTION AND RETURN OF EQUIPMENT.—(a) No equipment or materials may be transferred under title I out of military stocks if the Secretary of Defense, after consultation with the Joint Chiefs of Staff, determines that such transfer would be detrimental to the national security of the United States, or that such equipment or materials are needed by the reserve components of the Armed Forces to meet their training requirements.

(b) Any equipment, materials, or commodities procured to carry out this Act shall be retained by, or, upon reimbursement, transferred to and for the use of, such United States Government agency as the President may determine in lieu of being disposed of to a foreign nation or international organization whenever in the judgment of the President the best interests of the United States will be served thereby, or whenever such retention is called for by concurrent resolution. Any commodities so retained may be disposed of without regard to provisions of law relating to the disposal of Government-owned property, when necessary to prevent spoilage or wastage of such commodities or to conserve the usefulness thereof. Funds realized from any such disposal or transfer shall revert to the respective appropriation or appropriations out of which funds were expended for the procurement of such equipment, materials, or commodities or to appropriations currently available for such procurement.

(c) The President shall make appropriate arrangements with each nation receiving equipment or materials under chapter 1 of title I (other than equipment or materials sold under the provisions of section 106) for the return to the United States (1) for salvage or scrap, or (2) for such other disposition as the President shall deem to be in the interest of mutual security, of any such equipment or materials which are no longer required for the purposes for which originally made available.

SEC. 512. PENAL PROVISION.—Whoever offers or gives to anyone who is or in the preceding two years has been an employee or officer of the United States any commission, payment, or gift, in connection with the procurement of equipment, materials, commodities, or services under this Act in connection with which procurement said officer,



employee, former officer or former employee is or was employed or performed duty or took any action during such employment, and whoever, being or having been an employee or officer of the United States in the preceding two years, solicits, accepts, or offers to accept any commission, payment, or gift in connection with the procurement of equipment, materials, commodities, or services under this Act in connection with which procurement said officer, employee, former officer or former employee is or was employed or performed duty or took any action during such employment, shall upon conviction thereof be subject to a fine of not to exceed \$10,000 or imprisonment for not to exceed three years, or both: *Provided*, That this section shall not apply to persons appointed pursuant to sections 308 or 530 (a) of this Act.

SEC. 513. NOTICE TO LEGISLATIVE COMMITTEES.—When any transfer is made under section 105 (d) or section 501, or any other action is taken under this Act which will result in furnishing assistance of a kind, for a purpose, or to an area, substantially different from that included in the presentation to the Congress during its consideration of this Act, or which will result in expenditures greater by 50 per centum or more than the proposed expenditures included in such presentation for the program concerned, the President or such officer as he may designate shall promptly notify the Committee on Foreign Relations of the Senate, the Committee on Foreign Affairs of the House of Representative and, when military assistance is involved, the Committees on Armed Services of the Senate and House of Representatives, stating the justification for such change. Notice shall also be given to the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives of any determination under the first sentence of section 401 (except with respect to unvouchered funds), and copies of any certification as to loyalty under section 531 shall be filed with such committees.

SEC. 514. INTERNATIONAL EDUCATIONAL EXCHANGE ACTIVITIES.—Foreign currencies or credits owed to or owned by the United States, where arising from this Act or otherwise, shall, upon a request from the Secretary of State certifying that such funds are required for the purpose of international educational exchange activities under programs authorized by section 32 (b) (2) of the Surplus Property Act of 1944, as amended, be reserved by the Secretary of the Treasury for sale to the Department of State for such activities on the basis of the dollar value at the time of the reservation.

## CHAPTER 2. ORGANIZATION AND ADMINISTRATION

SEC. 521. DELEGATION OF AUTHORITY BY THE PRESIDENT.—(a) Except as provided in subsection (b), the President may exercise any power or authority conferred on him by this Act through such agency or officer of the United States as he shall direct, and the head of such agency or such officer may from time to time promulgate such rules and regulations as may be necessary and proper to carry out functions under this Act and may delegate authority to perform any of such functions to his subordinates acting under his direction.

(b) After June 30, 1955, the President shall exercise the powers conferred upon him under title III of this Act through the Secretary of State.

## SEC. 522. ALLOCATION AND REIMBURSEMENT AMONG AGENCIES.—

(a) The President may allocate or transfer to any United States Government agency any part of any funds available for carrying out the purposes of this Act, including any advance to the United States by any nation or international organization for the procurement of equipment or materials or services. Such funds shall be available for obligation and expenditure for the purposes for which authorized, in accordance with authority granted in this Act or under authority governing the activities of the Government agencies to which such funds are allocated or transferred. Funds allocated to the Department of Defense shall be governed as to reimbursement by the procedures of subsection (c) of this section.

(b) Any officer of the United States performing functions under this Act may utilize the services and facilities of, or procure commodities from, any United States Government agency as the President shall direct, or with the consent of the head of such agency, and funds allocated pursuant to this subsection to any such agency may be established in separate appropriation accounts on the books of the Treasury.

(c) Reimbursement shall be made to any United States Government agency, from funds available to carry out chapter 1 of title I of this Act, for any assistance furnished under that chapter from, by, or through such agency. Such reimbursement shall be in an amount equal to the value (as defined in section 545) of the equipment and materials, services (other than salaries of members of the Armed Forces of the United States), or other assistance furnished, plus expenses arising from or incident to operations under that chapter. The amount of any such reimbursement shall be credited as reimbursable receipts to current applicable appropriations, funds, or accounts of such agency and shall be available for, and under the authority applicable to, the purposes for which such appropriations, funds, or accounts are authorized to be used, including the procurement of equipment and materials or services, required by such agency, in the same general category as those furnished by it or authorized to be procured by it and expenses arising from and incident to such procurement.

(d) In the case of any commodity, service, or facility, procured from any United States Government agency under any provision of this Act other than chapter 1 of title I, reimbursement or payment shall be made to such agency from funds available to carry out such provision: Such reimbursement or payment shall be at replacement cost, or, if required by law, at actual cost, or at any other price authorized by law and agreed to by the owning or disposal agency. The amount of any such reimbursement or payment shall be credited to current applicable appropriations, funds, or accounts from which there may be procured replacements of similar commodities, services, or facilities, except that where such appropriations, funds, or accounts are not reimbursable except by reason of this subsection, and when the owning agency determines that such replacement is not necessary, any funds received in payment therefor shall be covered into the Treasury as miscellaneous receipts.

(e) In furnishing assistance under this Act and in making surplus agricultural commodities available under section 402 accounts may be established on the books of any United States Government agency



or, on terms and conditions approved by the Secretary of the Treasury, in banking institutions in the United States, against which (i) letters of commitment may be issued which shall constitute obligations of the United States, and moneys due or to become due under such letters of commitment shall be assignable under the Assignment of Claims Act of 1940, as amended, and (ii) withdrawals may be made by recipient nations or agencies, organizations or persons upon presentation of contracts, invoices, or other appropriate documentation. Expenditure of funds which have been made available through accounts so established shall be accounted for on standard documentation required for expenditure of Government funds: *Provided*, That such expenditures for commodities or services procured outside the continental limits of the United States may be accounted for exclusively on such certification as may be prescribed in regulations approved by the Comptroller General of the United States.

SEC. 523. COORDINATION WITH FOREIGN POLICY.—(a) Nothing contained in this Act shall be construed to infringe upon the powers or functions of the Secretary of State.

(b) The President shall prescribe appropriate procedures to assure coordination among representatives of the United States Government in each country, under the leadership of the Chief of the United States Diplomatic Mission.

SEC. 524. THE SECRETARY OF DEFENSE.—(a) In the case of aid under chapter 1 of title I of this Act, the Secretary of Defense shall have primary responsibility for—

- (1) the determination of military end-item requirements;
- (2) the procurement of military equipment in a manner which permits its integration with service programs;
- (3) the supervision of [end-items used] *end-item use* by the recipient countries;
- (4) the supervision of the training of foreign military personnel;
- (5) the movement and delivery of military end-items; and
- (6) within the Department of Defense, the performance of any other functions with respect to the furnishing of military assistance.

(b) The establishment of priorities in the procurement, delivery, and allocation of military equipment shall be determined by the Secretary of Defense. The determination of the value of the program for any country under chapter 1 of title I shall be made by the President.

SEC. 525. FOREIGN OPERATIONS ADMINISTRATION.—Except as modified pursuant to this section or section 521, the Director of the Foreign Operations Administration (referred to in this chapter as the “Director”) shall continue to perform the functions vested in him on the effective date of this Act, except insofar as such functions relate to continuous supervision and general direction of programs of military assistance. The President may transfer to any agency or officer of the United States, and may modify or abolish, any function, office, or entity of the Foreign Operations Administration (*including any function, office or entity thereof transferred to any other agency*) or any officer or employee thereof, and may transfer such personnel, property, records, and funds as may be necessary incident thereto: *Provided*, That such authority conferred by this sentence shall be exercised

*in accordance with applicable laws and regulations relating to the Civil Service and Veterans' Preference.*

SEC. 526. MISSIONS AND STAFFS ABROAD.—The President may maintain special missions or staffs abroad in such nations and for such periods of time as may be necessary to carry out this Act. Each such special mission or staff shall be under the direction of a chief. The chief and his deputy shall be appointed by the President and may, notwithstanding any other law, be removed by the President at his discretion. The chief shall be entitled to receive (1) in cases approved by the President, the same compensation and allowances as a chief of mission, class 3, or a chief of mission, class 4, within the meaning of the Foreign Service Act of 1946 (22 U. S. C. 801), or (2) compensation and allowances in accordance with section 527 (c) of this Act, as the President shall determine to be appropriate. *If a Foreign Service Officer shall be appointed by the President to a position under this section, the period of his service in such capacity shall be considered as constituting an assignment for duty within the meaning of section 571 of the Foreign Service Act of 1946, as amended, and such person shall not, by virtue of his acceptance of such an assignment, lose his status as a Foreign Service Officer.*

SEC. 527. EMPLOYMENT OF PERSONNEL.—(a) Any United States Government agency performing functions under this Act is authorized to employ such personnel as the President deems necessary to carry out the provisions and purposes of this Act.

(b) Of the personnel employed in the United States on programs authorized by this Act, not to exceed sixty may be compensated without regard to the provisions of the Classification Act of 1949, as amended, of whom not to exceed thirty-five may be compensated at rates higher than those provided for grade 15 of the general schedule established by the Classification Act of 1949, as amended, and of these, not to exceed fifteen may be compensated at a rate in excess of the highest rate provided for grades of such general schedule but not in excess of \$15,000 per annum. Such positions shall be in addition to those authorized by law to be filled by Presidential appointment, and in addition to the number authorized by section 505 of the Classification Act of 1949, as amended.

(c) For the purpose of performing functions under this Act outside the continental limits of the United States, the Director may—

(1) employ or assign persons, or authorize the employment or assignment of officers or employees of other United States Government agencies, who shall receive compensation at any of the rates provided for the Foreign Service Reserve and Staff by the Foreign Service Act of 1946, as amended (22 U. S. C. 801), together with allowances and benefits established thereunder including, in all cases, post differentials prescribed under section 443 of the Foreign Service Act; and persons so employed or assigned shall be entitled to the same benefits as are provided by section 528 of the Foreign Service Act for persons appointed to the Foreign Service Reserve and, except for policy-making officials, the provisions of section 1005 of the Foreign Service Act shall apply in the case of such persons; and

(2) utilize such authority, including authority to appoint and assign personnel for the duration of operations under this Act, contained in the Foreign Service Act of 1946, as amended (22



U. S. C. 801), as the President deems necessary to carry out functions under this Act. Such provisions of the Foreign Service Act as the President deems appropriate shall apply to personnel appointed or assigned under this paragraph, including, in all cases, the provisions of sections 443 and 528 of that Act.

(d) For the purpose of performing functions under this Act outside the continental limits of the United States, the Secretary of State may, at the request of the Director, appoint for the duration of operations under this Act alien clerks and employees in accordance with applicable provisions of the Foreign Service Act of 1946, as amended (22 U. S. C. 801).

SEC. 528. DETAIL OF PERSONNEL TO FOREIGN GOVERNMENTS.—(a) Whenever the President determines it to be consistent with and in furtherance of the purposes of this Act, the head of any United States Government agency is authorized to detail or assign any officer or employee of his agency to any office or position to which no compensation is attached with any foreign government or foreign government agency: *Provided*, That such acceptance of office shall in no case involve the taking of an oath of allegiance to another government.

(b) Any such officer or employee, while so assigned or detailed, shall be considered, for the purpose of preserving his privileges, rights, seniority, or other benefits as such, an officer or employee of the Government of the United States and of the Government agency from which assigned or detailed, and he shall continue to receive compensation, allowances, and benefits from funds available to that agency or made available to that agency out of funds authorized under this Act.

SEC. 529. DETAIL OF PERSONNEL TO INTERNATIONAL ORGANIZATIONS.—(a) Whenever the President determines it to be consistent with and in furtherance of the purposes of this Act, the head of any United States Government agency is authorized to detail, assign, or otherwise make available to any international organization any officer or employee of his agency to serve with or as a member of the international staff of such organization, or to render any technical, scientific or professional advice or service to or in cooperation with such organization.

(b) Any such officer or employee, while so assigned or detailed, shall be considered, for the purpose of preserving his allowances, privileges, rights, seniority and other benefits as such, an officer or employee of the Government of the United States and of the Government agency from which detailed or assigned, and he shall continue to receive compensation, allowances, and benefits from funds available to that agency or made available to that agency out of funds authorized under this Act. He may also receive, under such regulations as the President may prescribe, representation allowances similar to those allowed under section 901 of the Foreign Service Act of 1946, as amended (22 U. S. C. 801). The authorization of such allowances and other benefits and the payment thereof out of any appropriations available therefor shall be considered as meeting all the requirements of section 1765 of the Revised Statutes.

(c) Details or assignments may be made under this section—

(1) without reimbursement to the United States by the international organization;

(2) upon agreement by the international organization to reimburse the United States for compensation, travel expenses,

and allowances, or any part thereof, payable to such officer or employee during the period of assignment or detail in accordance with subsection (b) of this section; and such reimbursement shall be credited to the appropriation, fund, or account utilized for paying such compensation, travel expenses, or allowances, or to the appropriation, fund, or account currently available for such purposes;

(3) upon an advance of funds, property, or services to the United States accepted with the approval of the President for specified uses in furtherance of the purposes of this Act; and funds so advanced may be established as a separate fund in the Treasury of the United States, to be available for the specified uses, and to be used for reimbursement of appropriations or direct expenditure subject to the provisions of this Act, any unexpended balance of such account to be returned to the international organization; or

(4) subject to the receipt by the United States of a credit to be applied against the payment by the United States of its share of the expenses of the international organization to which the officer or employee is detailed, such credit to be based upon the compensation, travel expenses and allowances, or any part thereof, payable to such officer or employee during the period of assignment or detail in accordance with subsection (b) of this section.

SEC. 530. EXPERTS AND CONSULTANTS OR ORGANIZATIONS THEREOF.—(a) Experts and consultants or organizations thereof, as authorized by section 15 of the Act of August 2, 1946 (5 U. S. C. 55a), may be employed by any United States Government agency for the performance of functions under this Act, and individuals so employed may be compensated at rates not in excess of \$75 per diem, and while away from their homes or regular places of business, they may be paid actual travel expenses and per diem in lieu of subsistence and other expenses at a rate not to exceed \$10 or at the applicable rate prescribed in the *Standardized Government Travel Regulations*, as amended from time to time, whichever is higher, while so employed within the continental limits of the United States and at the applicable rate prescribed in the *Standardized Government Travel Regulations* (Foreign Areas) while so employed outside the continental limits of the United States.

(b) Persons of outstanding experience and ability may be employed without compensation by any United States Government agency for the performance of functions under this Act in accordance with the provisions of section 710 (b) of the Defense Production Act of 1950, as amended (50 U. S. C. App. 2160), and regulations issued thereunder.

SEC. 531. SECURITY CLEARANCE.—No citizen or resident of the United States may be employed, or if already employed, may be assigned to duties by the Director under this Act for a period to exceed three months unless—

(a) such individual has been investigated as to loyalty and security by the Civil Service Commission, or by the Federal Bureau of Investigation in the case of specific positions which have been certified by the Director as being of a high degree of importance or sensitivity or in case the Civil Service Commission investigation develops data reflecting that the individual is of questionable loyalty, and a report thereon has been made to the Director, and until the Director has certified in writing (and filed



copies thereof with the Senate Committee on Foreign Relations and the House Committee on Foreign Affairs) that, after full consideration of such report, he believes such individual is loyal to the United States, its Constitution, and form of government, and is not now and has never knowingly been a member of any organization advocating contrary views; or

(b) such individual has been investigated by a military intelligence agency and the Secretary of Defense has certified in writing that he believes such individual is loyal to the United States and filed copies thereof with the Senate Committee on Foreign Relations and the House Committee on Foreign Affairs.

This section shall not apply in the case of any officer appointed by the President by and with the advice and consent of the Senate, nor shall it apply in the case of any person already employed under programs covered by this Act who has been previously investigated in connection with such employment.

SEC. 532. EXEMPTION OF PERSONNEL FROM CERTAIN FEDERAL LAWS.—(a) Service of an individual as a member of the Board established pursuant to section 308 of this Act or as an expert or consultant under section 530 (a) shall not be considered as service or employment bringing such individual within the provisions of title 18, U. S. C., section 281, 283 or 284, or of section 190 of the Revised Statutes (5 U. S. C. 99), or of any other Federal law imposing restrictions, requirements, or penalties in relation to the employment of persons, the performance of services, or the payment or receipt of compensation in connection with any claim, proceeding, or matter involving the United States, except insofar as such provisions of law may prohibit any such individual from receiving compensation in respect of any particular matter in which such individual was directly involved in the performance of such service; nor shall such service be considered as employment or holding of office or position bringing such individual within the provisions of section 6 of the Act of May 22, 1920, as amended (5 U. S. C. 715), section 212 of the Act of June 30, 1932, as amended (5 U. S. C. 59a), or any other Federal law limiting the reemployment of retired officers or employees or governing the simultaneous receipt of compensation and retired pay or annuities.

(b) Notwithstanding section 2 of the Act of July 31, 1894 (5 U. S. C. 62), which prohibits certain retired officers from holding certain office, any retired officer of any of the services mentioned in the Career Compensation Act of 1949 may hold any office or appointment under this Act or the Mutual Defense Assistance Control Act of 1951, but the compensation of any such retired officer shall be subject to the provisions of the Act of June 30, 1932 (5 U. S. C. 59a), which does not permit retired pay to be added to the compensation received as a civilian officer.

SEC. 533. WAIVERS OF CERTAIN FEDERAL LAWS.—Whenever the President determines it to be in furtherance of purposes declared in this Act, the functions authorized under this Act may be performed without regard to such provisions of law (other than the Renegotiation Act of 1951, as amended) regulating the making, performance, amendment, or modification of contracts and the expenditure of Government funds as the President may specify.

SEC. 534. REPORTS.—The President, from time to time while funds appropriated for the purpose of this Act continue to be available for

obligation, shall transmit to the Congress reports covering each six months of operations, in furtherance of the purposes of this Act, except information the disclosure of which he deems incompatible with the security of the United States. Reports provided for under this section shall be transmitted to the Secretary of the Senate or the Clerk of the House of Representatives, as the case may be, if the Senate or the House of Representatives, as the case may be, is not in session. Such reports shall include detailed information on the implementation of [sections 504 and 413 (b)] *sections 504, 413 (b), and 418 of this Act.*

SEC. 535. COOPERATION WITH INTERNATIONAL ORGANIZATIONS.—

(a) The President is authorized to request the cooperation of or the use of the services and facilities of the United Nations, its organs and specialized agencies, or other international organizations, in carrying out the purposes of this Act, and may make payments by advancements or reimbursements, for such purposes, out of funds made available for the purposes of this Act, as may be necessary therefor, to the extent that special compensation is usually required for such services and facilities: *Provided*, That nothing in this section shall be construed to authorize the delegation to any international or foreign organization or agency of authority to decide the method of furnishing assistance under this Act to any country or the amount thereof.

(b) Whenever the President determines it to be in furtherance of the purposes of this Act, United States Government agencies, on request of international organizations, are authorized to furnish supplies, materials, and services, on an advance of funds or reimbursement basis, to such organizations. Such advances or reimbursements may be credited to the current applicable appropriation or fund of the agency concerned and shall be available for the purposes for which such appropriations and funds are authorized to be used.

SEC. 536. JOINT COMMISSION ON RURAL RECONSTRUCTION IN CHINA.—The President is authorized to continue to participate in the Joint Commission on Rural Reconstruction in China and to appoint citizens of the United States to the Commission.

CHAPTER 3. REPEAL AND MISCELLANEOUS PROVISIONS

SEC. 541. EFFECTIVE DATE.—This Act shall take effect on the date of its enactment.

SEC. 542. STATUTES REPEALED.—(a) There are hereby repealed—

(1) an Act to provide for assistance to Greece and Turkey, approved May 22, 1947, as amended;

(2) the joint resolution to provide for relief assistance to the people of countries devastated by war, approved May 31, 1947, as amended;

(3) the Foreign Aid Act of 1947;

(4) the Foreign Assistance Act of 1948, as amended; including The Economic Cooperation Act of 1948, as amended, the International Children's Emergency Fund Assistance Act of 1948, as amended, the Greek-Turkish Assistance Act of 1948, and the China Aid Act of 1948, as amended;

(5) the Mutual Defense Assistance Act of 1949, as amended;

(6) the Foreign Economic Assistance Act of 1950, as amended; including the Economic Cooperation Act of 1950, the China Area



Aid Act of 1950, as amended, the United Nations Palestine Refugee Aid Act of 1950, and the Act for International Development, as amended;

(7) the Far Eastern Economic Assistance Act of 1950, as amended;

(8) the Yugoslav Emergency Relief Assistance Act of 1950;

(9) the Mutual Security Act of 1951, as amended;

(10) the Mutual Security Act of 1952;

(11) the Mutual Security Act of 1953;

(12) section 12 of the joint resolution of Congress approved November 4, 1939 (54 Stat. 10; 22 U. S. C. 452);

(13) section 4 of the Act of March 3, 1925 (50 Stat. 887; 50 U. S. C. 165); and

(14) section 968 of title 18, United States Code.

(b) References in other Acts to the Acts listed in subsection (a) shall hereafter be considered to be references to the appropriate provisions of this Act.

(c) The repeal of the Acts listed in subsection (a) shall not be deemed to affect amendments contained in such Acts to Acts not named in subsection (a).

#### SEC. 543. SAVING PROVISIONS.—

(a) Except as may be expressly provided to the contrary in this Act, all determinations, authorizations, regulations, orders, contracts, agreements, and other actions issued, undertaken or entered into under authority of any provision of law repealed by section 542 shall continue in full force and effect until modified by appropriate authority.

(b) Where provisions of this Act establish conditions which must be complied with before use may be made of authority contained in or funds authorized by this Act, compliance with substantially similar conditions under Acts named in section 542 shall be deemed to constitute compliance with the conditions established by this Act.

(c) No person in the service or employment of the United States or otherwise performing functions under an Act repealed by section 542 or under section 408 shall be required to be reappointed or reemployed by reason of the entry into force of this Act, except that appointments made pursuant to section 110 (a) (2) of the Economic Cooperation Act of 1948, as amended, shall be converted to appointments under section 527 (c) of this Act.

SEC. 544. AMENDMENTS TO OTHER LAWS.—(a) Title X of the United States Information and Educational Exchange Act of 1948, as amended (22 U. S. C. 1431), is amended by adding the following new section:

#### “INFORMATIONAL MEDIA GUARANTIES

“SEC. 1011. The Director of the United States Information Agency may make guaranties, in accordance with the provisions of subsection (b) of section 413 of the Mutual Security Act of 1954, of investments in enterprises producing or distributing informational media consistent with the national interests of the United States against funds heretofore made available by notes issued to the Secretary of the Treasury pursuant to section 111 (c) (2) of the Economic Cooperation Act of 1948, as amended, for purposes of guaranties of investments: *Provided, however,* That the amount of such guaranties in

any fiscal year shall be determined by the President but shall not exceed \$10,000,000."

(b) Section 1 of Public Law 283, Eighty-first Congress, is repealed. The Institute of Inter-American Affairs, created pursuant to Public Law 369, Eightieth Congress (22 U. S. C. 281), shall have succession until June 30, 1960, and may make contracts for periods not to exceed five years: *Provided*, That any contract extending beyond June 30, 1960, shall be made subject to termination by the said Institute upon notice: *And provided further*, That the said Institute shall, on and after July 1, 1954, be subject to the applicable provisions of the Budget and Accounting Act, 1921, as amended (31 U. S. C. 1), in lieu of the provisions of the Government Corporation Control Act, as amended (31 U. S. C. 841).

SEC. 545. DEFINITIONS.—For the purposes of this Act—

(a) The term "commodity" includes any commodity, material, article, supply, or goods.

(b) The term "surplus agricultural commodity" means any agricultural commodity or product thereof, class, kind, type, or other specification thereof, produced in the United States either publicly or privately owned, which is in excess of domestic requirements, adequate carryover, and anticipated exports for dollars, as determined by the Secretary of Agriculture.

(c) The terms "equipment" and "materials" shall mean any arms, ammunition, or implements of war, or any other type of material, article, raw material, facility, tool, machine, supply or item that would further the purpose of chapter 1 of title I, or any component or part thereof, used or required for use in connection therewith, or required in or for the manufacture, production, processing, storage, transportation, repair, or rehabilitation of any equipment or materials, but shall not include merchant vessels.

(d) The term "mobilization reserve", as used with respect to any equipment or materials, means the quantity of such equipment or materials determined by the Secretary of Defense under regulations prescribed by the President to be required to support mobilization of the Armed Forces of the United States in the event of war or national emergency until such time as adequate additional quantities of such equipment or materials can be procured.

(e) The term "excess", as used with respect to any equipment or materials, means the quantity of such equipment or materials owned by the United States which is in excess of the mobilization reserve of such equipment or materials.

(f) The term "services" shall include any service, repair, training of personnel, or technical or other assistance or information necessary to effectuate the purposes of this Act.

(g) The term "Armed Forces of the United States" shall include any component of the Army of the United States, of the United States Navy, of the United States Marine Corps, of the Air Force of the United States, of the United States Coast Guard, and the Reserve components thereof.

(h) The term "value" means—

(1) with respect to any excess equipment or materials furnished under chapter 1, of title I, the gross cost of repairing, rehabilitating, or modifying such equipment or materials prior to being so furnished;



(2) with respect to any nonexcess equipment or materials furnished under chapter 1 of title I which are taken from the mobilization reserve (other than equipment or materials referred to in paragraph (3) of this subsection), the actual or the projected (computed as accurately as practicable) cost of procuring for the mobilization reserve an equal quantity of such equipment or materials or an equivalent quantity of equipment or materials of the same general type but deemed to be more desirable for inclusion in the mobilization reserve than the equipment or materials furnished;

(3) with respect to any nonexcess equipment or materials furnished under chapter 1 of title I which are taken from the mobilization reserve but with respect to which the Secretary of Defense has certified that it is not necessary fully to replace such equipment or materials in the mobilization reserve, the gross cost to the United States of such equipment and materials or its replacement cost, whichever the Secretary of Defense may specify; and

(4) with respect to any equipment or materials furnished under chapter 1 of title I which are procured for the purpose of being so furnished, the gross cost to the United States of such equipment and materials.

In determining the gross cost incurred by any agency in repairing, rehabilitating, or modifying any excess equipment furnished under chapter 1 of title I, all parts, accessories, or other materials used in the course of repair, rehabilitation, or modification shall be priced in accordance with the current standard pricing policies of such agency. For the purpose of this subsection, the gross cost of any equipment or materials taken from the mobilization reserve means either the actual gross cost to the United States of that particular equipment or materials or the estimated gross cost to the United States of that particular equipment or materials obtained by multiplying the number of units of such particular equipment or materials by the average gross cost of each unit of that equipment and materials owned by the furnishing agency.

(i) The term "United States Government agency" means any department, agency, board, wholly or partly owned corporation, or instrumentality, commission, or establishment of the United States Government.

SEC. 546. CONSTRUCTION.—(a) If any provision of this Act or the application of any provision to any circumstances or persons shall be held invalid, the validity of the remainder of the Act and applicability of such provision to other circumstances or persons shall not be affected thereby.

(b) Nothing in this Act shall alter, amend, revoke, repeal, or otherwise affect the provisions of the Atomic Energy Act of 1946, as amended (42 U. S. C. 1801).

(c) Nothing in this Act is intended nor shall it be construed as an expressed or implied commitment to provide any specific assistance, whether of funds, commodities, or services, to any nation or nations, or to any international organization.

SEC. 547. REDUCTION OF AUTHORIZATIONS.—Notwithstanding the foregoing provisions of this Act, such provisions shall not be construed to authorize the appropriation for the fiscal year 1955, for the pur-

poses of titles I, II, and IV of this Act, of amounts (exclusive of unexpended balances of prior appropriations authorized to be continued available under such provisions) aggregating in excess of \$2,918,040,000.

*SEC. 548. UNEXPENDED BALANCES.*—*Unexpended balances of funds heretofore made available under authority of this Act are hereby authorized to be continued available for the general purposes for which appropriated, and may be consolidated with appropriations made available beginning in fiscal year 1956 for the same general purposes under the authority of this Act: Provided, however, That unexpended balances in excess of \$200,000,000 not obligated by June 30, 1955, in accordance with the provisions of section 1311 of the Supplemental Appropriation Act, 1955 (Public Law 663, Eighty-third Congress), or reserved in accordance with the provisions of section 110 of the Mutual Security Appropriation Act, 1955 (Public Law 778, Eighty-third Congress), are not authorized to be continued available after such date.*

*SEC. 549. STATEMENT OF CONGRESSIONAL POLICY.*—*It is the sense of the Congress that inasmuch as—*

*(1) the United States, through mutual security programs, has made substantial contributions to the economic recovery and rehabilitation of the nations of western Europe;*

*(2) due in part to those programs, it has been possible for such nations to achieve complete economic recovery and to regain their military strength; and*

*(3) certain other friendly nations of the world remain in need of assistance in order that they may defend themselves against aggression and contribute to the security of the free world,*

*those nations that have been assisted in their recovery should, in the future, share with the United States the financial burden of providing aid to those countries which are still in need of assistance of the type provided under this Act.*



## ADDITIONAL VIEWS ON LOANS

Everyone agrees that our foreign aid should not be a mere "give-away" program; that we should plan to get value received in one way or another, for whatever we do. There is general theoretical agreement with the proposal that our economic aid program should emphasize loans rather than grants, wherever possible. There is disagreement as to the best way to carry this out in practice.

I believe that the best way is to have Congress provide minimum loan requirements in authorizing foreign aid.

Experience shows that otherwise the tendency will be to make grants, not loans, in administration. It is argued that a percentage limitation militates against the placement of a greater percentage of loans. The record does not sustain this argument, for wherever loans have been permitted but not required, few or none have been made. It is said that a percentage figure is interpreted by would-be recipients as a maximum loan figure, rather than a minimum. If our officials accept the interpretation of our laws made by other countries, rather than their own, Congress can correct this. If a minimum percentage figure is inconvenient administratively, a minimum fixed amount can be used. Both types of minimum requirements were made by Congress last year. A 30-percent requirement in title II (sec. 201) on development assistance, and an overall requirement of not less than \$200 million in loans (sec. 505). Neither of these requirements will apply to the amounts authorized in the committee bill this year. There is a requirement that 50 percent of the new \$200 million Asian development fund, be in loans (sec. 4187). This year's bill authorizes more economic aid than last year's appropriation. Thus, as economic aid goes up, required loans go down. I believe this tendency should be reversed.

### THE RANDALL COMMISSION

My recommendations follow those of the Randall Commission, of which I was a member. This Commission studied and reported on the general possibilities of "Trade, Not Aid," and recommended that trade be increased, and economic aid decreased. Its recommendations as to trade have been generally accepted and acted upon by the administration and Congress. Its recommendations as to aid have apparently been forgotten.

The Randall report said:

The Commission recommends that economic aid on a grant basis should be terminated as soon as possible.

In cases where our security is importantly involved, the Commission believes that moderate grants-in-aid may serve the national interest of the United States.

The Commission recommends further that where support is needed to maintain military forces to conduct military operations connected with our own security beyond the economic capacity of a country to sustain, grants should be made, not loans. In other cases where substantial economic aid is necessary in the interest of the United States but cannot be obtained from private or international sources, loans should be made, not grants.

The President endorsed these recommendations of the Randall Commission in his message to the Congress on foreign economic policy of the United States last year, as follows:

I subscribe, therefore, to the principle that economic aid on a grant basis should be terminated as soon as possible, consistent with our national interest. In cases where support is needed to establish and equip military forces of other governments in the interest of our mutual defense, and where this is beyond the economic capacity of another country, our aid should be in the form of grants. As recognized by the Commission, there may be some cases in which modest amounts of grant aid to underdeveloped countries will importantly serve the interest of security. I further agree that in other situations where the interest of the United States requires that dollars not otherwise available to a country should be provided, such support to the maximum extent appropriate should be in the form of loans rather than grants.

#### GOVERNMENT FOREIGN LOANS

It is often said that Government loans are the same as gifts, that they are never repaid, and always create hard feelings. Our postwar experience does not bear this out. Here is the record, according to Department of Commerce figures:

##### *Postwar loans by the United States to foreign countries*

Total credits.....	\$14, 147, 769, 000
Total principal collected.....	3, 176, 216, 000
Total interest collected.....	1, 331, 284, 000
Total.....	4, 507, 500, 000

Congress has required a series of loans in aid bills, largely through provisions originating in our committee. All of them were opposed by the executive branch. None of them were refused by the executive branch. All of the loans were accepted in other countries. None of the loans have been defaulted by any government. None of them have caused hard feelings.

Here is the series:

##### *Loans required under ECA, MSA, and India wheat loan*

Original ECA Act (Public Law 472, 80th Cong.).....	\$1, 000, 000, 000
Loan to Spain (Public Law 759, 81st Cong.).....	62, 500, 000
India Emergency Food Act of 1951 (Public Law 48, 82d Cong.) ..	190, 000, 000
Mutual Security Act of 1951 (Public Law 165, 82d Cong.) (10 percent of ECA assistance).....	335, 547, 000
Mutual Security Act of 1954 (Public Law 665, 83d Cong.).....	<sup>1</sup> 200, 000, 000
Total.....	1, 788, 047, 000

<sup>1</sup> Loans of \$194,500,000 have already been made under this requirement. Negotiations now in progress are expected to bring the total to the required amount.

Here is the status of the loans under the mutual security program as of December 31, 1954:

	Amount authorized	Interest collected	Principal repaid
Asia and Pacific.....	\$16, 500, 000	\$375, 000	
Europe.....	1, 419, 047, 000	70, 897, 000	\$278, 000
Indian wheat.....	190, 000, 000	11, 769, 000	
Spanish loan.....	62, 476, 000	3, 045, 000	
Deficiency materials.....	177, 201, 000	4, 642, 000	24, 631, 000
Total.....	1, 865, 224, 000	90, 728, 000	24, 909, 000



In 1948, when Congress enacted the first of the above loan requirements, by requiring \$1 billion of the Marshall plan money to be in loans, there were executive protests. We were told that these were "fuzzy" loans, Europe was "all loaned up," and that these aid loans would overburden the economies of the recipient countries. Now that Europe has recovered so phenomenally with Marshall plan help, does anyone hear complaints that recovery was delayed by these loans? Is anyone claiming that these loans will never be repaid?

Last year, the executive position was that only \$100 million of the program should be in loans. Congress required \$255,350,000 (i. e., \$200 million overall plus 30 percent of development assistance). The required minimums have all been loaned. No one is claiming that this crippled the program.

#### PROSPECT OF REPAYMENT

The above record, showing over \$4.5 billion collected on postwar loans, including over \$115 million on aid loans, would indicate that there is considerable prospect of repayment of these loans.

The Hoover Commission, in its report to Congress in May on overseas economic operations, said (recommendation 2 (f)):

Wherever assistance is necessary and there is *no prospect of repayment* of a loan the assistance should be in the form of an outright grant. [Italic mine.]

There will be general agreement on this, but who decides whether there is "prospect for repayment"? Bankers? Must aid loans be "bankable" loans?

In this country our Government has loaned billions to its citizens on projects that were not bankable. During the depression thousands of homes, farms, and businesses were saved in this way and the loans have been repaid, although "prospects for repayment" looked dim for a while.

The policy of making foreign-aid loans was first suggested to me by remarks of former President Hoover in 1947, after he had finished his survey of relief needs for President Truman. He urged that we should not make outright gifts of our aid, but should always require an obligation from the recipient. He first suggested the counterpart device, which was written into a relief bill on the floor, over administration opposition, and has been extremely useful ever since. As to loans, he pointed out that, even though "prospect for repayment" was not bright, there were two great psychological differences between loans and grants: First, a person asking for a loan tries to make his proposition as good as possible, but someone asking for a grant tries to make his condition look as bad as possible, so he will not be asked to repay; second, a person asking for a loan knows that he might have to repay it, and therefore asks for as little as possible, whereas someone asking for a grant asks for as much as possible.

Experience since then has shown that this same psychology applies to nations, and that nations, like individuals, tend to repay nonbankable loans.

#### DEVELOPMENT ASSISTANCE

In recent years we have started a new type of assistance, which is not relief, not military aid, not for war recovery, not mere technical

assistance. Development assistance means substantial economic aid to nations with which we have no mutual security agreements. Congress provided last year that 30 percent of such assistance should be in loans, and should end on June 30, 1955. Instead of winding up, \$382 million of such assistance is in this bill as follows: In title II, section 201, development assistance, \$182 million; in title IV, section 418, President's fund for Asian development, \$200 million.

The definition of "development assistance" is broad, the limitations are few, but, in general, the idea is that we help undeveloped countries to develop as free countries, raise their standards of living, develop their resources. They have among their resources vast amounts of critical and strategic materials.

On the other hand, we are rapidly becoming a have-not country in natural resources, especially in critical or strategic materials, as shown time and again in our hearings this year.

If we furnish development assistance in loans repayable, not next year but over 10, 20, or 30 years, we will be helping these countries when they need help, and they can pay us back when we need help, in raw materials from the resources we helped them develop.

Amendments will be offered in accordance with these views.

I understand that other members of the committee share these views, but there was insufficient time to obtain their signatures.

JOHN M. VORYS.







# MUTUAL SECURITY ACT OF 1955

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## MINORITY VIEWS

TO ACCOMPANY

S. 2090

TO AMEND THE MUTUAL SECURITY ACT OF 1954  
AND FOR OTHER PURPOSES



JUNE 27, 1955.—Committed to the Committee of the Whole House  
on the State of the Union and ordered to be printed

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UNITED STATES  
GOVERNMENT PRINTING OFFICE





## MUTUAL SECURITY ACT OF 1955

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JUNE 27, 1955.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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Mr. SMITH of Wisconsin, from the Committee on Foreign Affairs, submitted the following

### MINORITY VIEWS

[To accompany S. 2090]

This marks our third consecutive report of minority views on the mutual security program. The first was on the Mutual Security Act of 1953. The second was on the Mutual Security Act of 1954. And now we feel compelled on the basis of the same objections we have heretofore enunciated to express our minority views on the proposed Mutual Security Act of 1955.

It is true that we support certain programs in this bill. Technical assistance has now become, and must remain, a people-to-people program of sharing know-how and technical skill. Helping people to help themselves brings lasting benefits with which we are in full accord. Such a program builds self-respect for peoples and independence for nations and should build reliable friends for the United States, which we sorely need. We also support other self-help humanitarian projects, typical of which is the international health program for children and mothers in the underdeveloped areas of the world. Such programs are in keeping with American history and American principles.

Just as it is important for the Congress and its Members to restate our fundamental principles—we have done this recently in the passage of House Concurrent Resolution 149 on colonialism and Communist imperialism—so we feel we must voice our opposition to a program each time it is presented to the Congress when such a program continues its disregard of such principles. The bill before this House is such a program.

The mutual security program authorized to be continued in this bill demonstrates a shocking lack of confidence in the fundamental principles which have made our Nation great. Respect is not a



commodity which can be bought nor can security be attained by a mutual security program which is based on false concepts.

#### THE NEED FOR REAPPRAISAL

In the past we have urged what to us has seemed natural and logical—a thorough study, a reappraisal, a redefining of foreign policies, techniques and statutes concerned with the goal of international peace and security, which we all seek. The executive branch has not seen fit to do this before submitting this bill to the Congress; nor has the Congress of the United States itself, which is directly responsible to the people who foot the bills, make the sacrifices, and fight the wars, undertaken such an analysis. This program, encompassed in the proposed Mutual Security Act of 1955, has been given less consideration from the point of view of legislative analysis and evaluation than in any previous year. This is true despite the fact that, as we have pointed out in our past minority reports, this program has no foreseeable termination date. Admiral Radford, when asked if he had any suggestion on how long “the long pull is,” said he did not.

We do not share the feeling expressed in the majority report of the committee that—

This year, for the first time since the beginning of the foreign assistance program, the committee did not feel it necessary to reevaluate the fundamental premises on which the mutual security program is based, or to question whether after a careful balancing of the risks and advantages it was worthwhile to authorize the continuation of the program.

Hon. H. Struve Hensel, Assistant Secretary for International Security Affairs, Department of Defense, stated during the committee hearings:

I spoke to you about the fact that although these programs had been made up, had been approved by the military authorities and by the Congress, we had certain skepticism about them, at least enough to require a review, because they had been made up on the basis of criteria, some of which were now open to question.

In effect Mr. Hensel is saying that he concurs in the minority views which we have expressed in the past. Yet the majority report states that the committee did not feel it necessary to evaluate the fundamental premises on which the mutual security program is based. We do not understand this failure of the committee to reexamine premises and programs when the very administrators of the mutual security program themselves are now in the process of such reexamination. We do not believe that the current vague presentation of the coming program, for which we are asked to authorize \$3,285,800,000, justifies such authorization. We do not share the addiction to what appears to have become the habit of approving billion-dollar foreign-aid programs without careful scrutiny. We repeat what we stated in our minority views last year:

Responsibility in world affairs is a serious matter for the future of our Nation and its people. It calls for the courage to admit past and present failures and the fortitude to chart a new course.

We agree with Mr. Hensel that “it is not too difficult just to spend money. It is much more difficult to spend it intelligently.” More difficult still, however, is for the Congress to get the full story from the spenders on how they’ve spent the money given to them in the

past and just what they propose to do with the new money. In fairness to Mr. Hensel, however, we point out his further words on this subject. We agree with them fully:

I think Congress ought to examine very carefully into the manner in which the money is administered, because you cannot run it from here, expressing your opinion in a rigid statute, that executes itself. It just will not work.

We believe that this bill, authorizing the carryover of unexpended balances of over \$8 billion and the new appropriation of \$3,285,-800,000, in effect puts the stamp of approval on the same type of "illustrative program" which the executive branch in its presentation this year stated they were abandoning. This program is especially objectionable in this regard in view of Mr. Hensel's testimony before the committee that—

the illustrative programs were extraordinarily good mental exercise, mathematics and otherwise, but had no real significant meaning, except outlining to you some objectives.

#### THE SUPPORT OF COLONIALISM

We do not agree with the further statement in the majority report that—

There is today evidence on every continent that the mutual security program has begun to give us important foreign-policy advantages.

Attributing the reaction of the free peoples of the Far East to the blandishments of communism at Bandung to the mutual security program is to us incredible. This does not give the peoples of Asia and Africa any credit for commonsense in recognizing Communist imperialism for the ruthless colonialism it is. Let us remember that the Bandung Conference was called on their own initiative, and, indeed, with the United States standing aloof. The support of colonial powers, despite pious hopes to the contrary, which has been made possible by certain elements of the mutual security program could hardly be said to have been the motivating force behind "the reaction of the free peoples of the Far East to the blandishments of communism at Bandung." The shift by France of some of its NATO forces for use in quelling the disturbances in French North Africa—forces which United States aid has bolstered—hardly can be termed a "foreign policy advantage" to the United States in demonstrating to the world that its policy on anticolonialism is more than an empty phrase. In fact, throughout the world, the colonial approach of our allies has been a handicap to our attempt to prove our own faith in freedom. The difficulties which the United States has with some of its allies in Europe concerning colonial policy is borne out by the following words of Secretary Dulles during his testimony before the committee:

I had a little talk to the NATO Council about our far eastern policies, which are always under considerable criticism in Europe.

I said to the members of the NATO Council, "You seem to like the United States when you see it in Europe. You like our policies of backing freedom, of seeking collective security, being loyal to our friends and allies, but," I said, "you don't like it when we demonstrate those same qualities in Asia. You would like us to be one thing in Europe for the benefit of Europe but something else in Asia."

#### THE LACK OF CONTINUED COOPERATION

In our minority views last year, we referred to the unwillingness of our allies to assume their proper share of the free-world burden. This



is still the case, as illustrated by the following interchange during the hearings:

Mr. JARMAN. Can you foresee that in the next few years, in the NATO area, among most of the Western European nations, that they will be able to take care of a good part of that financial load, so far as the equipment we send over is concerned?

Admiral RADFORD. They will have the capability, I would say. Whether they will appropriate the money out of their own resources, is another problem.

#### THE ABDICATION OF CONGRESSIONAL AND EXECUTIVE CONTROL

The mutual security program in this bill, more than ever before in its history, illustrates the almost complete abdication of our congressional constitutional and traditional powers. The Congress has lost control over the spending and over the policies adopted by the executive branch in spending the taxpayers' money. This is borne out by the report to the Congress by the Commission on Organization of the Executive Branch of the Government (Hoover Commission) on budget and accounting, as follows:

Over the years, due to the complexity and lack of a fundamental basis of accounting and budgeting, "control of the purse" by the Congress has been impaired.

Our task force states that under present procedures there is no effective control over expenditures either by the Congress or the executive branch.

Indeed, the executive branch itself has lost control over the *programs* which it is charged with administering. This dual loss of control on the part of the Congress and the executive branch is illustrated by the tremendous piling up of the unexpended balances carried over from year to year in the mutual security legislation. The unexpended money has been running far out in front of plans and policies despite the fact that these plans and policies periodically require a change in direction or a change in emphasis or the elimination of particular projects. Thus there is created an inability to recapture funds unwisely programed. Here is the record of unexpended balances, as prepared by the executive branch:

*Unexpended balances at close of fiscal year for Mutual Security and related antecedent programs, 1948-55*

[In millions of dollars]

	Actual						Estimate, 1955
	1948-49	1950	1951	1952	1953	1954	
Military assistance.....		\$1,262.6	\$5,552.4	\$8,435.2	\$8,460.7	<sup>1</sup> \$8,052.6	\$6,911.8
Other assistance (including direct forces support).....	\$1,837.2	2,259.1	1,592.9	1,460.2	1,602.2	<sup>2</sup> 1,862.2	1,805.3
Total.....	1,837.2	3,521.7	7,145.3	9,895.4	10,062.9	9,914.8	8,717.1
Appropriated.....	6,446.3	4,592.4	7,940.5	7,328.9	6,001.9	4,531.5	2,781.5

<sup>1</sup> Includes estimated return to Treasury of \$590.8 million. Of this, \$500 million is Department of Defense's estimated loss pursuant to provisions of sec. 1311, Supplemental Appropriation Act of 1955.

<sup>2</sup> Includes \$26 million estimated return to Treasury.

The projection of program beyond control and proper balance is aptly illustrated in the case of unobligated balances. Here is what the committee itself says in its majority report:

The committee was informed in the basic material submitted at the beginning of the presentation that the estimated unobligated and unreserved balance expected June 30, 1955, was to be \$100 million. On June 13 the committee

received information that the estimated unobligated balances would exceed the \$200 million limit contained in the Senate bill. The committee received a memorandum on June 21, stating that the unobligated carryover of military funds would be "some \$600 million," an increase of \$500 million over the original estimate.

The lack of executive control over its own programs is especially demonstrated with respect to Yugoslavia, which Government has not been fully cooperative in carrying out the requirement of the Mutual Security Act that the United States representatives be permitted "continuous observation and review" of the use made of equipment supplied by the United States. Such a lack of cooperation to permit observation and review would hardly be excusable in the case of an *ally*, a friend of the United States on whom we could rely for support in the great free-world struggle against Communist imperialism. In the case of a government such as Yugoslavia, however, whose support for the free world *at most* would probably be only that of a neutral, it is difficult to understand why we permit such evasion of the terms on which the assistance is given—or, in fact why long-term United States support continues to be given without question. It is difficult to understand why we are paying for this kind of "no support." A similar argument can be applied to the case of India, whose "neutrality" is also of dubious value in the free-world struggle.

The power to so spend money is the power not only to unmake the foreign policy declared by the Congress; in fact, it is the power to determine ultimate peace or war.

#### THE BLANK CHECK

The abdication of congressional duties and responsibilities, as already instanced by vast transferability powers, is further glaringly evidenced by the proposed blank check which is given to the Executive in this bill. The hearings on the measure disclose little account of precisely how the money requested in this bill will fit into the new requirements. The whole tenor of the testimony of Mr. Hensel amounted to an admission that past programs (for which, we point out again, there is available under this bill a little over \$8 billion in unexpended funds) had been miscalculated and loosely administered, but that now the Department of Defense was engaged in the process of examining just what had happened to past programs, expenditures, and obligations. As stated by Mr. Hensel:

While we still believe in the need for a complete analysis and review of our programs in the light of changed current conditions, we would like to make that analysis and review on a careful and intelligent basis and not come to any conclusion or take any action with respect to the soundness of previously approved programs until the result of that study and review is known.

We do not feel that there should be any authorization for a new mutual security program until the Department of Defense has reached the point where it can come back to the Congress and give us its detailed findings on the soundness of these past programs—programs against which, we again remind the House, we filed minority views last year and the year before.

The provision in the bill establishing the President's Fund for Asian Economic Development and authorizing approximately \$200 million for such purpose is a further striking example of the abdication of congressional control over the expenditure of funds by the executive branch. Do we know which countries in Asia will be receiving assist-



ance out of this fund? And how much? Do we even have an estimate of how much each country will be receiving beyond some "conceivable" projects? Do we know what projects will be used for development purposes? Do we have any idea of what contributions the recipient countries themselves will be making? Do we know how much the executive branch expects to spend in fiscal year 1956 out of this fund? The hearings disclose no clue to any of these questions. What is certain, and what can be stated in certain terms, however, is that if such a fund is established, \$200 million will be used, *one way or another*, by June 30, 1958, the termination date in the bill for the fund. But for whom, for what and how much we do not know. Nor do the administrators of the mutual security program. Under the provisions setting up the fund —

the President is authorized to utilize the appropriations made available for the fund to accomplish in the free Asian area the policies and purposes declared in this act and to disburse them on such terms and conditions, including transfer of funds, as he may specify to any person, corporation, or other body of persons however designated \* \* \*.

Nowhere in any legislation we know of has such sweeping and blanket authority been delegated on such unknown terms. We ask the Members of this House to read these quoted words slowly and carefully. *We* have read them slowly and carefully. We do not feel that congressional authorization and appropriation for the continued concept of "blank check" in the mutual security program, so pointedly exemplified in the above provisions, would constitute the proper exercise of our responsibilities as representatives of our people.

LAWRENCE H. SMITH.  
MARGUERITE STITT CHURCH.  
E. ROSS ADAIR.  
ALVIN M. BENTLEY.



84TH CONGRESS  
1ST SESSION

# S. 2090

[Report No. 912]

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 6, 1955

Referred to the Committee on Foreign Affairs

JUNE 24, 1955

Reported with amendments, committed to the Committee of the Whole House  
on the State of the Union, and ordered to be printed

[Omit the part struck through and insert the part printed in italic]

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## AN ACT

To amend the Mutual Security Act of 1954, and for other  
purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*  
3       That this Act may be cited as the “Mutual Security Act of  
4       1955”.

5       SEC. 2. Title I, chapter 1, of the Mutual Security Act  
6       of 1954, which relates to military assistance, is amended as  
7       follows:

8       (a) In section 103 (a), which relates to authorizations,  
9       add “(1)” after “(a)”, and add the following new para-  
10      graph:

11      “(2) In addition, there is hereby authorized to be ap-



1    appropriated to the President to carry out the purposes of this  
 2    chapter not to exceed ~~\$1,278,000,000~~ \$1,133,000,000 to  
 3    remain available until expended.”

4        *(b) In section 103 (b), after the word “chapter”, in-*  
 5    *sert “and of section 124”.*

6        ~~(b)~~ (c) Section 103 (c) is hereby repealed, and the  
 7    following is substituted therefor:

8        “(c) When appropriations made pursuant to subsection  
 9    (a) of this section are used to furnish military assistance on  
 10   terms of repayment within ten years or earlier such assist-  
 11   ance may be furnished, notwithstanding sections 105, 141,  
 12   and 142, to nations eligible to purchase military equipment,  
 13   materials, and services under section 106.”

14        ~~(e)~~ (d) Amend section 105 (b) (1), which relates to  
 15   conditions applicable to military assistance, to read as follows:

16        “(1) The Congress welcomes the recent progress in  
 17   European cooperation and reaffirms its belief in the necessity  
 18   of further efforts toward political federation, military integra-  
 19   tion, and economic unification as a means of building strength,  
 20   establishing security, and preserving peace in the North  
 21   Atlantic area. In order to provide further encouragement to  
 22   such efforts, the Congress believes it essential that this Act  
 23   should be so administered as to support concrete measures to  
 24   promote greater political federation, military integration, and  
 25   economic unification in Europe.”

1       ~~(d)~~ (e) In paragraphs (2) and (3) of section 105 (b),  
 2   strike out “Near East, Africa, and South Asia” and “the  
 3   Far East and the Pacific” and insert “Near East and Africa”  
 4   and “Asia,” respectively.

5       ~~(e)~~ (f) In paragraphs (2) and (3) of section 105 (c),  
 6   which relates to geographic delivery ceilings, strike out  
 7   “, Africa, and South Asia” and “the Far East and the  
 8   Pacific” and insert “and Africa” and “Asia”, respectively.

9       ~~(f)~~ (g) In section 108, which relates to transfer of mili-  
 10   tary equipment to Japan, strike out “1955” and insert  
 11   “1956”.

12       SEC. 3. Title I, chapter 2, of the Mutual Security Act  
 13   of 1954, which relates to southeast Asia and the western  
 14   Pacific, and direct forces support, is amended by adding,  
 15   after section 123, the following new section as follows:

16       (a) In section 121, which relates to southeast Asia and  
 17   the western Pacific, strike out the fourth word of the third  
 18   sentence, “section”, and insert “title”.

19       (b) Add after section 123 the following new section:

20       “SEC. 124. DIRECT FORCES SUPPORT.—There is hereby  
 21   authorized to be appropriated to the President for the fiscal  
 22   year 1956 not to exceed \$317,200,000 to provide assistance  
 23   in the form of direct forces support to be delivered or ren-  
 24   dered directly to the military forces of nations eligible for  
 25   military assistance under chapter 1 of this title. The Presi-



1 dent may, notwithstanding the provisions of section 501,  
 2 consolidate all or any part of appropriations made pursuant  
 3 to this section with appropriations made pursuant to section  
 4 103. Programs authorized by this section may be adminis-  
 5 tered in accordance with the provisions of chapter 1 or  
 6 chapter 3 of this title.”

7 SEC. 4. Title I, chapter 3, of the Mutual Security Act of  
 8 1954, which relates to defense support, is amended by adding  
 9 to section 131 the following new subsections:

10 “(c) There is hereby authorized to be appropriated  
 11 to the President for the fiscal year 1956 to carry out the  
 12 provisions of this section, not to exceed—

13 “(1) ~~\$70,000,000~~ \$92,000,000 for Europe (ex-  
 14 cluding Greece and Turkey) *not less than \$50,000,000*  
 15 *of the funds made available under the authority of this*  
 16 *subsection shall be used for assistance to Spain in accord-*  
 17 *ance with the provisions of this section;*

18 “(2) \$102,500,000 for the Near East (including  
 19 Greece and Turkey) and Africa: *Provided, That the*  
 20 *amount made available for Greece for fiscal year 1956*  
 21 *shall not be less than that made available for such country*  
 22 *for fiscal year 1955; and*

23 “(3) \$827,800,000 for Asia.

24 “Funds made available for assistance to Korea from  
 25 appropriations authorized by this section may be used in

1 accordance with the applicable provisions of section 132 of  
2 this Act.

3 “(d) In providing assistance in the procurement of  
4 commodities in the United States, United States dollars shall  
5 be made available for marine insurance on such commodities  
6 where such insurance is placed on a competitive basis in  
7 accordance with normal trade practice prevailing prior to  
8 the outbreak of World War II: *Provided*, That in the event  
9 a participating country, by statute, decree, rule, or regula-  
10 tion, discriminates against any marine insurance company  
11 authorized to do business in any State of the United States,  
12 then commodities purchased with funds provided hereunder  
13 and destined for such country shall be insured in the United  
14 States against marine risk with a company or companies  
15 authorized to do a marine insurance business in any State  
16 of the United States.”

17 SEC. 5. Title I, chapter 4, of the Mutual Security Act of  
18 1954, which relates to general provisions relating to mutual  
19 defense assistance, is amended by changing section 142,  
20 which relates to agreements, as follows: *After* “*SEC. 142.*  
21 *AGREEMENTS.—*” insert “(a)”; strike out the word “and”  
22 at the end of ~~subsection~~ *paragraph* (10) and change the  
23 semicolon preceding that word to a period; *and* change the  
24 portion of ~~subsection~~ *paragraph* (11) preceding ~~paragraph~~  
25 *subparagraph* (i) thereof to read as follows: “*and in lieu*



1 of all of that part of the present paragraph (11) which  
 2 precedes subparagraph (i) thereof, insert the following:”

3 “~~(11)~~ (b) In cases where any commodity is to be fur-  
 4 nished on a grant basis under chapter 2 or chapter 3 of title  
 5 I or under title II of this Act under arrangements which  
 6 will result in the accrual of proceeds to the recipient nation  
 7 from the import or sale thereof, such assistance shall not  
 8 be furnished unless the recipient nation shall have agreed  
 9 to establish a special account, and—”.

10 SEC. 6. Title II of the Mutual Security Act of 1954,  
 11 which relates to development assistance, is amended as  
 12 follows:

13 (a) (1) In section 201 (a), which relates to authoriza-  
 14 tion, strike out “South Asia” in paragraph 2 and insert  
 15 “Asia”; before the period in paragraph 3 insert “and to  
 16 assist in maintaining economic and political stability in the  
 17 area”; and in the last sentence change the comma after the  
 18 word “specify” to a period and strike out the balance of  
 19 the sentence.

20 (2) Add to section 201 the following new subsection:

21 “(c) There is hereby authorized to be appropriated to  
 22 the President for the fiscal year 1956 not to exceed \$73,-  
 23 000,000, \$71,000,000, and \$38,000,000 to furnish assistance  
 24 under paragraphs (1), (2), and (3), respectively of sub-  
 25 section (a) of this section.”

1       (b) In section 202 which relates to administration, add  
2 at the end thereof the following new sentence: "The author-  
3 ity provided in section 307 may be exercised for purposes of  
4 furnishing assistance under section 201."

5       SEC. 7. Title III of the Mutual Security Act of 1954,  
6 which relates to technical cooperation, is amended as follows:

7       (a) In section 304, which relates to authorization, insert  
8 "(a)" before the first sentence and add the following new  
9 subsection:

10       "(b) There is hereby authorized to be appropriated to  
11 the President for the fiscal year 1956 not to exceed \$146,-  
12 500,000 for technical cooperation programs in the Near East  
13 and Africa, Asia and Latin America."

14       (b) In section 306, which relates to multilateral techni-  
15 cal cooperation:

16       (1) Insert the following before the semicolon at the end  
17 of paragraph (a): "; in addition, \$24,000,000 for the fiscal  
18 year 1956 for contributions to the United Nations Expanded  
19 Program of Technical Assistance".

20       (2) Insert the following before the period at the end of  
21 paragraph (b): "; in addition, \$1,500,000 for the fiscal year  
22 1956 for contributions to the technical cooperation programs  
23 of the Organization of American States".

24       (c) In section 308, which relates to the International  
25 Development Advisory Board, insert ", or at the applicable



1 rate prescribed in the Standardized Government Travel Reg-  
 2 ulations, as amended from time to time, whichever is higher,”  
 3 after “not to exceed \$10 per diem”.

4 SEC. 8. Title IV of the Mutual Security Act of 1954,  
 5 which relates to other programs, is amended as follows:

6 (a) In section 401, which relates to special fund, insert  
 7 “(a)” before the first sentence; strike out “\$150,000,000”  
 8 in the first sentence and insert “\$50,000,000, in addition to  
 9 the funds authorized to be appropriated under subsection (b)  
 10 hereof,”; in the next to last sentence strike out “section” and  
 11 insert “Act”; and add the following new subsection at the  
 12 end thereof:

13 “(b) There is hereby authorized to be appropriated to  
 14 the President for the fiscal year 1956 \$100,000,000 for use  
 15 in accordance with subsection (a) of this section.”

16 ~~(b) In section 402, after the word “used” in the first~~  
 17 ~~sentence, insert “during the fiscal year 1955, and not less~~  
 18 ~~than \$300,000,000 shall be used during the fiscal year~~  
 19 ~~1956.”.~~

20 (b) In section 402, which relates to the sale of surplus  
 21 agricultural commodities, strike out “\$350,000,000” and  
 22 insert in lieu thereof “\$600,000,000”.

23 (c) In section 403, which relates to special assistance  
 24 in joint control areas, insert “(a)” before the first sentence;  
 25 insert “at the time of the enactment of this Act” in the first

1 sentence after “responsibility”; and add the following new  
2 subsection:

3 “(b) There is hereby authorized to be appropriated to  
4 the President for the fiscal year 1956 not to exceed  
5 \$21,000,000 to carry out this section.”

6 (d) Amend section 405, which relates to movement of  
7 migrants and refugees, as follows:

8 (1) Change the heading to “MIGRANTS, REFUGEES,  
9 AND ESCAPEES”.

10 ~~(2)~~ In the second sentence of subsection ~~(a)~~, which  
11 relates to contributions to the Intergovernmental Committee  
12 for European Migration, insert “and for the fiscal year 1956  
13 not to exceed \$12,500,000 for contributions to the Com-  
14 mittee,” after “Migration,”.

15 ~~(3)~~ (2) Amend subsection (c) to read as follows:

16 “(c) There is hereby authorized to be appropriated  
17 for the fiscal year 1956 not to exceed \$1,400,000 for con-  
18 tributions to the United Nations Refugee Fund.”

19 ~~(4)~~ (3) Add the following new subsection:

20 “(d) There is hereby authorized to be appropriated to  
21 the President for the fiscal year 1956 not to exceed  
22 \$6,000,000 for continuation of activities, including care,  
23 training, and resettlement, which have been undertaken for  
24 selected escapees under section 401 of this Act.”



1 (e) In section 406, which relates to children's welfare,  
2 insert "(a)" before the first sentence and add the following  
3 new subsection:

4 "(b) There is hereby authorized to be appropriated for  
5 the fiscal year 1956 not to exceed \$14,500,000 for contribu-  
6 tions to the United Nations Children's Fund."

7 (f) In section 407, which relates to Palestine refugees  
8 in the Near East, insert "(a)" before the first sentence and  
9 add the following new subsection:

10 "(b) There is hereby authorized to be appropriated  
11 to the President for the fiscal year 1956 not to exceed  
12 \$65,000,000 to be used to make contributions to the United  
13 Nations Relief and Works Agency for Palestine Refugees in  
14 the Near East."

15 ~~(g)~~ In section 408 ~~(a)~~, which relates to United States  
16 participation in the North Atlantic Treaty Organization,  
17 insert ", and for the fiscal year 1956 not to exceed  
18 \$3,700,000," before "for payment".

19 ~~(h)~~ (g) Amend section 409, which relates to ocean  
20 freight charges, as follows:

21 (1) Insert the following new sentence at the end of  
22 subsection (c), which relates to ocean freight charges on  
23 shipments by United States voluntary nonprofit relief agen-

1 cies: "There is hereby authorized to be appropriated to the  
 2 President for the fiscal year 1956 not to exceed \$2,000,000  
 3 to carry out the purposes of this section."

4 (2) Amend subsection (d) to read as follows:

5 " (d) There is hereby authorized to be appropriated  
 6 to the President for the fiscal year 1956 not to exceed  
 7 \$13,000,000 to pay ocean freight charges on shipments of  
 8 surplus agricultural commodities, including commodities  
 9 made available pursuant to any Act for the disposal abroad  
 10 of United States agricultural surpluses. In addition, any  
 11 funds made available under this Act may be used, in amounts  
 12 determined by the President, for the purposes of this sub-  
 13 section."

14 ~~(i)~~ (h) In section 410, which relates to Control Act ex-  
 15 penses, insert ", and for the fiscal year 1956 not to exceed  
 16 \$1,175,000," after "~~1,300,000~~ \$1,300,000".

17 ~~(i)~~ (i) (1) Change the title of section 411, which  
 18 relates to administrative expenses to read "ADMINISTRATIVE  
 19 AND OTHER EXPENSES".

20 (2) Amend section 411 (b) to read as follows:

21 " (b) There is hereby authorized to be appropriated  
 22 to the President for the fiscal year 1955 not to exceed  
 23 \$34,700,000, and for the fiscal year 1956 not to exceed



1 \$35,225,000, for all necessary administrative expenses inci-  
 2 dent to carrying out the provisions of this Act other than  
 3 chapter 1 of title ~~±~~ *I* and section 124.”

4 (3) Add to section 411 the following new subsection:

5 “(c) Funds made available for the purposes of this  
 6 Act may be used for compensation, allowances, and travel  
 7 of personnel, including Foreign Service personnel whose serv-  
 8 ices are utilized primarily for the purposes of this Act, and  
 9 without regard to the provisions of any other law, for printing  
 10 and binding, and for expenditures outside the continental lim-  
 11 its of the United States for the procurement of supplies and  
 12 services and for other administrative and operating purposes  
 13 (other than compensation of personnel) without regard to  
 14 such laws and regulations governing the obligation and ex-  
 15 penditure of Government funds as may be necessary to ac-  
 16 complish the purposes of this Act.”

17 ~~(k)~~ (j) Add the following new ~~section~~ sections:

18 “SEC. 418. PRESIDENT’S FUND FOR ASIAN ECONOMIC  
 19 DEVELOPMENT.—(a) The Congress of the United States  
 20 reaffirms the policy of the United States to contribute to  
 21 international peace and security through assisting the peoples  
 22 of free Asia in their efforts to attain economic and social  
 23 well-being, to safeguard basic rights and liberties, and to  
 24 protect their security and independence. The Congress  
 25 hereby recognizes that fundamental to these goals is an

1 expanding economic growth of the free Asia area based upon  
2 self-help and mutual cooperation and full utilization of already  
3 existing resources and knowledge. The Congress expresses  
4 the willingness of the people of the United States to support  
5 the foregoing objectives to the extent to which the  
6 countries in the area continue to make effective use of their  
7 own resources and external resources otherwise available  
8 to them.

9 “(b) In order to carry out the purposes of this section,  
10 there is hereby authorized to be established a fund, to be  
11 known as the ‘President’s Fund for Asian Economic Develop-  
12 ment’ (hereinafter referred to as ‘the Fund’), and there is  
13 hereby authorized to be appropriated to the President for  
14 the Fund an amount of \$200,000,000, such amount to remain  
15 available until June 30, 1958.

16 “(c) The President is authorized to utilize the appro-  
17 priations made available for the Fund to accomplish in the  
18 free Asian area the policies and purposes declared in this  
19 Act and to disburse them on such terms and conditions,  
20 including transfer of funds, as he may specify to any person,  
21 corporation, or other body of persons however designated,  
22 or to any *friendly* foreign government, agency, or organiza-  
23 tion or group of *friendly* governments or agencies as may be  
24 appropriate: *Provided, however,* That not less than 50 per  
25 centum of the funds appropriated pursuant to this section



1 shall be available only for furnishing assistance on terms of  
 2 repayment in accordance with the provisions of section 505,  
 3 and not more than 25 per centum of said funds may be allo-  
 4 cated for assistance to any one nation.

5 “(d) In utilizing the Fund the President shall give  
 6 preference to projects or programs that will clearly con-  
 7 tribute to promoting greater economic strength in the area  
 8 as a whole or among a group or groups of countries of the  
 9 area.” area.

10 “SEC. 419. WORLD HEALTH ORGANIZATION.—Sec-  
 11 tion 3 (a) of Public Law 643, Eightieth Congress, approved  
 12 June 14, 1948, as amended, is hereby amended to read  
 13 as follows:

14 ““(a) such sums as may be necessary for the pay-  
 15 ment by the United States of its share of the expenses  
 16 of the Organization as apportioned by the Health Assem-  
 17 bly in accordance with article 56 of the constitution of  
 18 the Organization, except that payments by the United  
 19 States for any fiscal year of the Organization after 1958  
 20 shall not exceed  $33\frac{1}{3}$  per centum of the total assessments  
 21 of active members of the Organization for such fiscal  
 22 year; and’.

23 “SEC. 420. JOINT COMMISSION ON RURAL DEVEL-  
 24 OPMENT.—(a) The Secretary of State, after consultation

1 with the Director, is hereby authorized to conclude an agree-  
2 ment with the Republic of the Philippines establishing a Joint  
3 Commission on Rural Development in the Philippines, to be  
4 composed of two citizens of the United States appointed by  
5 the President of the United States and three citizens of the  
6 Philippines appointed by the President of the Republic of  
7 the Philippines. Such Commission shall formulate and  
8 carry out a program for development of the rural areas of  
9 the Philippines, which shall include such research and  
10 training activities as may be necessary or appropriate for  
11 such development: Provided, That assistance furnished under  
12 this section shall not be construed as an express or implied  
13 assumption by the United States of any responsibility for  
14 making any further contributions to carry out the purposes  
15 of this section.

16 “(b) Insofar as practicable, an amount equal to not  
17 more than 10 per centum of the funds programed in any  
18 fiscal year for the Republic of the Philippines under title I,  
19 chapter 3, and title III of this Act shall be used to carry out  
20 the purposes of subsection (a) of this section.”

21 SEC. 9. Title V, chapter 1, of the Mutual Security Act  
22 of 1954, which relates to general provisions, is amended as  
23 follows:

24 (a) In section 501, which relates to transferability of



1 funds, insert, in the first sentence, the words “in any fiscal  
2 year” after “transferred” and after “increased”; and delete  
3 the last two sentences of said section.

4 ~~(b)~~ (a) In section 502, which relates to use of foreign  
5 currency, in subsection (b) after the word “amended,” in-  
6 sert the words “and to the Joint Committee on Atomic  
7 Energy and the Joint Committee on the Economic Report,”;  
8 and in the proviso after the word “Senate” the second time  
9 such word occurs, insert the words “or a joint committee of  
10 the Congress”.

11 ~~(e)~~ (b) In section 503, subsection (b) is hereby re-  
12 pealed and subsection (c) is redesignated as “(b)”.

13 ~~(d)~~ (c) (1) Change the heading of section 505 to  
14 “LOAN ASSISTANCE AND SALES”.

15 (2) Add the following sentence at the end of subsection  
16 (a) of section 505: “Whenever commodities or services are  
17 sold for foreign currencies the President, notwithstanding  
18 section 1415 of the Supplemental Appropriation Act, 1953,  
19 or any other provision of law, may use or enter into arrange-  
20 ments with friendly nations or organizations of nations to use  
21 such currencies for the purposes for which the funds providing  
22 the commodities or services which generated the currencies  
23 were appropriated.”

24 ~~(e)~~ Add the following sentence at the end of section  
25 509, which relates to shipping on United States vessels (d)

1 *In section 509, which relates to shipping on United States*  
2 *vessels, insert “(except surplus agricultural commodities)”*  
3 *after “commodities”, and add the following sentence at the*  
4 *end thereof: “The ocean transportation between foreign coun-*  
5 *tries of commodities, materials, and equipment procured out*  
6 *of local currency funds made available or derived from funds*  
7 *made available under this Act shall not be governed by the*  
8 *provisions of section 901 (b) of the Merchant Marine Act*  
9 *of 1936, or any other law relating to the ocean transporta-*  
10 *tion of commodities, materials, and equipment on United*  
11 *States flag vessels.”*

12 SEC. 10. Title V, chapter 2, of the Mutual Security Act  
13 of 1954, which relates to organization and administration, is  
14 amended as follows:

15 (a) In section 524 (a), amend subparagraph (3) to  
16 read as follows:

17 “(3) the supervision of end-item use by the recipient  
18 countries;”.

19 (b) In the second sentence of section 525, which re-  
20 lates to the Foreign Operations Administration, after “For-  
21 eign Operations Administration” insert “(including any  
22 function, office or entity thereof transferred to any other  
23 agency)”; and insert, before the period at the end of said  
24 second sentence, the following: “: *Provided*, That such au-  
25 thority conferred by this sentence shall be exercised in ac-



1 cordance with applicable laws and regulations relating to the  
2 Civil Service and Veterans' Preference".

3 (c) Add at the end of section 526, which relates to  
4 missions and staffs abroad, the following new sentence: "If  
5 a Foreign Service Officer shall be appointed by the President  
6 to a position under this section, the period of his service in  
7 such capacity shall be considered as constituting an assign-  
8 ment for duty within the meaning of section 571 of the  
9 Foreign Service Act of 1946, as amended, and such person  
10 shall not, by virtue of his acceptance of such an assignment,  
11 lose his status as a Foreign Service Officer."

12 (d) In section 530 (a), which relates to experts and  
13 consultants or organizations thereof, insert "or at the ap-  
14 plicable rate prescribed in the Standardized Government  
15 Travel Regulations, as amended from time to time, whichever  
16 is higher," after "at a rate not to exceed \$10".

17 (e) In section 534, which relates to reports, strike out  
18 "sections 504 and 413 (b)" in the last sentence and insert  
19 "sections 504, 413 (b), and 418".

20 SEC. 11. Title V, chapter 3, of the Mutual Security Act  
21 of 1954, which relates to repeal and miscellaneous provisions,  
22 is amended by adding after section 547, the following new  
23 sections as follows:

24 (a) At the end of section 544, which relates to amend-  
25 ments to other laws, add the following new subsections:

1       “(c) *The first sentence of section 2 of the Act of June 27,*  
 2 *1942, entitled ‘An Act to exempt from duty personal and*  
 3 *household effects brought into the United States under*  
 4 *Government orders’, as amended (U. S. C., title 50 App.,*  
 5 *sec. 802), is hereby further amended by striking out ‘1955’*  
 6 *and inserting in lieu thereof ‘1956’.*”

7       “(d) *Public Law 480, Eighty-third Congress (68 Stat.*  
 8 *454), is hereby amended by adding after section 305 the fol-*  
 9 *lowing new section:*

10       “‘*SEC. 306. In order to carry out more effectively the*  
 11 *policies and purposes of this Act, the President may exercise*  
 12 *the authority provided herein without regard to the pro-*  
 13 *visions of section 901 (b) of the Merchant Marine Act of*  
 14 *1936, as amended, or any other law relating to the ocean*  
 15 *transportation of commodities, materials, and equipment on*  
 16 *United States-flag vessels.’”*

17       “(b) *After section 547 add the following new sections:*

18       “**SEC. 548. UNEXPENDED BALANCES.**—Unexpended  
 19 balances of funds heretofore made available under authority  
 20 of this Act are hereby authorized to be continued available  
 21 for the general purposes for which appropriated, and may be  
 22 consolidated with appropriations made available beginning  
 23 in fiscal year 1956 for the same general purposes under the  
 24 authority of this Act: *Provided, however, That unexpended*  
 25 *balances in excess of \$200,000,000 not obligated by June*



1 30, 1955, in accordance with the provisions of section 1311  
2 of the Supplemental Appropriation Act, 1955 (Public Law  
3 663, Eighty-third Congress), or reserved in accordance with  
4 the provisions of section 110 of the Mutual Security Appro-  
5 priation Act, 1955 (Public Law 778, Eighty-third Con-  
6 gress), are not authorized to be continued available after  
7 such date.

8 "SEC. 549. (a) STATEMENT OF CONGRESSIONAL  
9 POLICY.—It is the sense of the Congress that inasmuch as—

10 " (1) the United States, through mutual security  
11 programs, has made substantial contributions to the eco-  
12 nomic recovery and rehabilitation of the nations of  
13 western Europe;

14 " (2) due in part to those programs, it has been  
15 possible for such nations to achieve complete economic  
16 recovery and to regain their military strength; and

17 " (3) certain other friendly nations of the world  
18 remain in need of assistance in order that they may  
19 defend themselves against aggression and contribute to  
20 the security of the free world,

21 those nations that have been assisted in their recovery should,  
22 in the future, share with the United States *to a greater ex-*  
23 *tent* the financial burden of providing aid to those countries  
24 which are still in need of assistance of the type provided  
25 under this Act." Act.

1       “(b) *It is the sense of the Congress that assistance under*  
2 *this Act shall be administered so as to assist other peoples in*  
3 *their efforts to achieve self-government or independence under*  
4 *circumstances which will enable them to assume an equal*  
5 *station among the free nations of the world.’’*

6       *SEC. 12. It is hereby declared to be the continuing sense*  
7 *of the Congress that the Communist regime in China has*  
8 *not demonstrated its willingness to fulfill the obligations con-*  
9 *tained in the Charter of the United Nations and should not*  
10 *be recognized to represent China in the United Nations.*

Passed the Senate June 2 (legislative day, May 2),  
1955.

Attest:

FELTON M. JOHNSTON,

*Secretary.*



84TH CONGRESS  
1ST Session

S. 2090

[Report No. 912]

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# AN ACT

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To amend the Mutual Security Act of 1954, and  
for other purposes.

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JUNE 6, 1955

Referred to the Committee on Foreign Affairs

JUNE 24, 1955

Reported with amendments, committed to the Com-  
mittee of the Whole House on the State of the  
Union, and ordered to be printed







# Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE  
(For Department Staff Only)

Issued June 28, 1955  
For actions of June 27, 1955  
84th-1st, No. 108

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HIGHLIGHTS: House passed bills to extend public debt limit, to decrease interest to 3% on disaster loans, and to extend emergency loans. House committees reported foreign aid bill, housing bill, and reserve forces bill. Senate passed measure for commission to study security program. Sen. Humphrey expressed displeasure with USDA regarding wheat referendum.

## SENATE

1. PERSONNEL. The Post Office and Civil Service Committee reported with amendments S. 59, to amend the Civil Service Retirement Act (S. Rept. 672) (p.7861). Passed as reported S. J. Res. 21, providing for the establishment of a Commission on Government Security, which will make a final report to Congress and the President on March 31, 1956 (pp. 7876, 7878-7901).
2. FOREST ROADS. Senate conferees were appointed on S. 1464, to authorize the Secretary of Interior to acquire certain rights-of-way and timber access roads (p. 7873). House conferees have not been appointed. Received a resolution from the California Legislature urging that Forest Highway Route 74 be undertaken as soon as possible (p. 7860).
3. WHEAT CONTROLS. Sen. Humphrey noted with approval the acceptance by wheat producers of controls in the recent referendum and suggested that this action was in spite of the lack of a comprehensive program on the part of the Department of Agriculture (pp. 7906-7).



4. LANDS, TRANSFER. Passed without amendment H. R. 2973, to transfer certain lands in Macon County, Ga. to the Georgia State Board of Education. Rejected a Morse amendment that would have provided that the Georgia State Board of Education pay to Farmers Home Administration half of the assessed market value of the land (pp. 7907-8). This bill will now be sent to the President.
5. RURAL ELECTRIFICATION. Sen. Humphrey inserted a resolution from Freeborn-Mower Cooperative Light and Power Association condemning the Hoover Commission's recommendation "that REA be abolished" (p. 7861).
6. WILDLIFE. The Interstate and Foreign Commerce Committee reported with amendments S. 756, relating to ~~U.S. aid to~~ States in wildlife preservation (S. Rept. 638) (p. 7861).
7. EDUCATION. Sen. Mundt commented favorably on the exchange-of-persons program and inserted a newspaper editorial urging a larger appropriation for the program (pp. 7872-3).
8. CONTRACTS. Passed over S. 1644, to prescribe policy and procedure in connection with construction contracts made by executive agencies (p. 7876).  
Senate and House conferees were appointed on H. R. 4904, to extend the Renegotiation Act of 1951 for two years (pp. 7909, 7914).
9. MINING; FORESTS. S. 1713, the mining-forests bill, was continued as the pending business (p. 7901).
10. LEGISLATIVE PROGRAM. Sen. Johnson scheduled for consideration at an early date S. 1633, relating to a constitutional convention in Alaska; S. 1292, to readjust postal classification on educational and cultural materials; S. 2220, to authorize appropriations for certain construction by the Atomic Energy Commission; and S. 1849, to provide for the grant of career conditional and career appointments in the competitive civil service to indefinite employees who previously qualified for competitive appointment. He hoped that consideration of the conference reports on the appropriation bills for the Departments of State, Justice, and the Judiciary; Labor, Health and Welfare; Defense; and Commerce, could be made by Thursday. Also possibly action on the draft bill by Thursday if the House acts. (pp. 7901-2)

#### HOUSE

11. FOREIGN AID. The Rules Committee reported a resolution for the consideration of S. 2090, the mutual security bill (p. 7954). The Foreign Affairs Committee, during adjournment on June 24, reported this bill with amendment (H. Rept. 912) (p. 7954). Part 2 of the report, Minority Views, was received June 27 (p. 7954). For provisions of this bill as ordered reported see Digest No. 105, item 19.
12. HOUSING. The Banking and Currency Committee, during adjournment on June 25, reported with amendment S. 2126, to extend and clarify laws relating to the provision and improvement of housing (H. Rept. 913) (p. 7954).
13. DEBT LIMIT. Passed, 267 to 56, without amendment H. R. 6992, to extend for 1 year the existing temporary increase in the public debt limit (pp. 7910-4). The Ways and Means Committee, earlier in the day, had reported this bill without amendment (H. Rept. 914) (p. 7954).

CONSIDERATION OF S. 2090

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JUNE 27, 1955.—Referred to the House Calendar and ordered to be printed

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Mr. DELANEY, from the Committee on Rules, submitted the following

R E P O R T

[To accompany H. Res. 288]

The Committee on Rules, having had under consideration House Resolution 288, report the same to the House with the recommendation that the resolution do pass.







# House Calendar No. 101

84TH CONGRESS  
1ST SESSION

## H. RES. 288

[Report No. 933]

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### IN THE HOUSE OF REPRESENTATIVES

JUNE 27, 1955

Mr. DELANEY, from the Committee on Rules, reported the following resolution;  
which was referred to the House Calendar and ordered to be printed

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## RESOLUTION

1       *Resolved*, That upon the adoption of this resolution it  
2 shall be in order to move that the House resolve itself into  
3 the Committee of the Whole House on the State of the  
4 Union for the consideration of the bill (S. 2090) to amend  
5 the Mutual Security Act of 1954, and for other purposes,  
6 and all points of order against said bill are hereby waived  
7 with the exception of the language beginning on page 16,  
8 line 24, down through and including line 11, page 17, and  
9 the language contained on page 19, lines 7 to 16, inclusive.  
10 After general debate, which shall be confined to the bill and  
11 continue not to exceed four hours, to be equally divided and  
12 controlled by the chairman and ranking minority member



1 of the Committee on Foreign Affairs, the bill shall be read  
2 for amendment under the five-minute rule. At the con-  
3 clusion of the consideration of the bill for amendment, the  
4 Committee shall rise and report the bill to the House with  
5 such amendments as may have been adopted and the pre-  
6 vious question shall be considered as ordered on the bill  
7 and amendments thereto to final passage without intervening  
8 motion except one motion to recommit.





84<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

H. RES. 288

[Report No. 933]

RESOLUTION

Providing for the consideration of S. 2090, a bill  
to amend the Mutual Security Act of 1954,  
and for other purposes.

By Mr. DELANEY

JUNE 27, 1955

Referred to the House Calendar and ordered to be  
printed







# Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE  
(For Department Staff Only)

Issued June 29, 1955  
For actions of June 28, 1955  
84th-1st, No. 109

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Foreign aid.....1,6,16,19	Natural resources.....21	Water, resources.....13
Forestry.....7,12	Personnel.....8,15,29	compact.....14

HIGHLIGHTS: Senate passed forest mining bill. Senate committee ordered reported bill to amend Farm Tenant Act. Both Houses passed measure to extend Defense Production Act through July. House debated mutual security bill. Both Houses agreed to conference report on selective service. House received conference report on Commerce appropriation bill. President approved Federal employees pay bill.

## HOUSE

1. FOREIGN AID. Began debate on S. 2090, to amend the Mutual Security Act of 1954 (pp. 8014, 8025-51).

In reporting this bill, the committee added provisions to exempt the shipment of surplus agricultural commodities, either under the Mutual Security Act or Public Law 480, from the requirement that at least half of Government shipments must be made on U. S. flag vessels. The Senate provision would merely have modified present legislation to the extent of exempting shipments between foreign countries, under the mutual security program.

The committee report includes the following statement regarding the requirement for exportation of surplus agricultural commodities through the mutual security program:

"Existing law requires that not less than \$350 million of the funds made available pursuant to this act must be used to finance the export and sale for foreign currencies for surplus agricultural commodities. This subsection is so worded as to add \$250 million to this, making the total \$600 million, including last year's authorization. This means that \$600 million of fiscal 1955 and 1956 funds must be used only to finance surplus agricultural commodities. Present indications are that more than \$350 million of fiscal 1955 funds will be used for this purpose. As a consequence, it is probable that less than \$250 million will be used in this manner in fiscal 1956.



"This constitutes a reduction of \$100 million below last year's requirement and \$50 million below the requirement of the Senate bill. The committee's action is based on its belief that since much less economic aid is provided to Europe under the present bill, where the principal markets for agricultural products are located, it will not be possible to use a larger quantity of such products in the aid program."

As reported in the House, the bill authorizes total appropriations of \$3,285,800,000, which is \$139,200,000 less than the Senate figure.

2. HOUSING. In reporting S. 2126, the housing bill (see Digest 108), the committee agreed to the provision in the Senate bill making available 100,000,000 additional for farm housing loans, \$2,000,000 additional to permit payment of annual contributions in connection with such loans, and 10,000,000 additional for special grants and loans to make farm housing safe and sanitary. However, the House committee struck out the authorization, contained in the Senate version of the bill, for such loans to be made on an insured basis. Regarding this provision, the committee report includes the following statement: "Last year your committee reported and the Congress enacted as part of the Housing Act of 1954 a similar extension of the title V program. Your committee deeply regrets that the executive branch of the Government did not see fit to request any funds to carry out the intent of the Congress in this matter. As a result, the title V farm-housing program has been dormant since June 30, 1954. It is the hope of your committee that this act of omission will not be repeated this year."

The House committee eliminated the authorization for a program of research and loans to assist in elimination of air pollution. The committee report explains that this action was taken because of Senate passage and House committee approval of S. 928, a separate bill for this purpose.

The House committee adopted an amendment authorizing the conveyance of farm labor camps to local public-housing agencies without payment for the property. The amendment would require such agencies to give first preference in the occupancy of the farm labor camps to low-income agricultural workers and their families and second preference to other low-income persons and their families. The projects would be required to be used for these purposes and other public purposes for 10 years from the date of conveyance.

The House committee agreed to the Senate provision eliminating the separate limitation of \$100,000,000 for farm-housing mortgages insured by the Federal Housing Administration. The committee report indicates that this action was taken to simplify administration.

No change was made by the House committee in the Senate provision authorizing expansion of, and making permanent, the public works advance planning program.

3. AIR POLLUTION. The Interstate and Foreign Commerce Committee reported with amendment S. 928, to provide research and technical assistance relating to air pollution control (H. Rept. 968) (p. 8061).
4. FABRICS. The Interstate and Foreign Commerce Committee reported without amendment H. R. 5222, to exempt from the Flammable Fabrics Act, scarves which do not present an unusual hazard (H. Rept. 969) (p. 8061).
5. RESERVE FORCES. The Armed Services Committee ordered reported without amendment H. R. 7000, "the new Armed Forces Reserve" bill (p. D628).



in a position where its economic soundness could never again be disputed. Doubtless I shall be introducing other bills for other changes and improvements. We Alaskans continue to hope and believe that our Government will not deny us the right to grow up and prosper under the same rules which brought about growth elsewhere in the west. Passage and approval of the submerged lands bill for Alaska would be a massive prop in the foundation for a prospering Alaska.

#### SPECIAL ORDER GRANTED

Mr. FLOOD asked and was given permission to address the House for 30 minutes tomorrow, following the legislative program and any special orders heretofore entered.

#### COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

Mr. PRIEST. Mr. Speaker, I ask unanimous consent that the Committee on Interstate and Foreign Commerce may have until midnight tonight to file a report on the bill (H. R. 6645) and that that permission may also apply to any minority report or separate minority views.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

#### CORRECTION OF RECORD

Mr. MILLER of Nebraska. Mr. Speaker, I ask unanimous consent to correct the remarks I made in the RECORD of June 23 with reference to the number of a bill to which I referred.

The SPEAKER. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

#### COMMISSION ON INTERGOVERNMENTAL RELATIONS—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 198)

The SPEAKER laid before the House the following message from the President of the United States, which was read, and together with the accompanying papers, referred to the Committee on Government Operations and ordered to be printed with illustrations:

*To the Congress of the United States:*

Pursuant to the provisions of Public Law 109—83d Congress, as amended, I hereby transmit to the Congress of the United States the final report of the Commission on Intergovernmental Relations.

One hundred sixty-eight years ago the Founding Fathers designed our Federal form of government in response to the baffling and eminently practical problem of creating unity among the Thirteen States where union seemed impossible. The framers of our Constitution reached a solution now recognized as one of the most significant ad-

vances in the history of representative government.

Since their day, our Federal structure has been adapted successfully to such phenomenal changes as a fortyfold increase in our population, the industrialization of our economy, and the rapid urbanization of our society. No other federal system, since established, has so effectively blended the capacity for energetic and responsible national action and the spirit of local initiative and autonomy.

In our time, however, a decade of economic crisis followed by a decade of war and international crises vastly altered Federal relationships. Consequently, it is highly desirable to examine in comprehensive fashion the present-day requirements of a workable federalism.

The interests and activities of the different levels of government now impinge on each other at innumerable points, even where they may appear to be quite separable. The National Government's defense policies and programs, for example, have important repercussions on virtually every phase of State and local activity. Conversely, the effectiveness of our national defense policies depends on a myriad of State and local activities affecting the health, safety, and social and economic welfare of our people.

Because of this increasingly intricate interrelationship of National, State, and local governments, it is important that we review the existing allocation of responsibilities, with a view to making the most effective utilization of our total governmental resources.

To this undertaking the Commission on Intergovernmental Relations has made a notable contribution. Its report includes numerous specific recommendations. Insofar as these would entail action by the executive branch, I shall see that they are given the most careful consideration. I commend to the attention of the Congress, as well as of State and local executives and legislatures, the recommendations pertaining to them.

The Commission on Intergovernmental Relations is the first official body appointed to study and report on the general relationship of the National Government to the States and their local units. Consequently, the Commission wisely devoted much of its time to an examination of the general nature of our Federal system, and of the means whereby it can be made to work more effectively. I am confident that its report will result in increased and sustained interest in this vitally important problem of government.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, June 28, 1955.

#### PROPOSED RESEARCH ASSISTANT

(Mr. JONES of Missouri asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. JONES of Missouri. Mr. Speaker, there seems to be considerable misunderstanding about a proposal to readjust salaries of certain employees of the House of Representatives, to increase certain allowances for postage, tele-

phone, telegraph, and travel expenses for Members of the House, and to include the addition of another employee in each Member's office to be known as a research assistant, at a salary in excess of \$12,000 per year.

I am opposed not only to many of the proposals that have been made, but am unalterably opposed to the addition of the research assistant on the basis indicated in the proposal.

Not only am I opposed to many of the proposals, but this opposition is further emphasized by the procedure which has been followed in attempting to secure not only approval for, but for the appropriation which would be necessary in taking care of this increase in the cost of operation of the House, which totals more than \$5 million annually.

This proposal has not been adequately considered by the House Committee on Administration, which, in this instance, appears to be surrendering its authority, responsibility, and duty by attempting to transfer to the House Committee on Appropriations the responsibility for studying and drafting the necessary legislation granting the authority for this \$5 million increase.

As a member of the Committee on House Administration, I feel that this committee should accept its responsibility in dealing with this proposal. The House should have an opportunity to express itself on a clear-cut proposition and a bill carrying all of these items should be brought to the floor under an open rule under which amendments would be in order.

To include this proposal, which has not even been recommended by the full Committee on House Administration, in a legislative appropriations bill would be contrary to the established custom of the House, if not an actual violation of the rules of the House. If, on the other hand, this proposal should be included in an appropriations bill I am hopeful it will be under a rule whereby Members will have an opportunity to express themselves on a record rollcall vote. I know I am expressing the views of many Members of Congress who, like myself, want the opportunity to vote against such a proposal.

#### STOP AND START NATIONAL DEFENSE

(Mr. PRICE asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. PRICE. Mr. Speaker, in the time that has passed since we acted on appropriations for the armed services, some significant events have occurred.

Despite attempts by the administration to laugh off reports of the rapid development of Soviet air power, the administration itself finally felt compelled to announce that a step-up was needed in our own aircraft procurement.

The great crusaders who used to talk about a "mess in Washington" managed to produce their own incredible confusion and bungling. The Vice President made a speech one day about the up-



coming Big Four Conference and solemnly proclaimed that it offered perhaps the world's last chance. He was promptly denied endorsement by his own administration's State Department, and a few days later President Eisenhower himself denounced fatuous expectations about the Conference and warned that it could offer, at most, the beginning of a quest that may last a generation.

The Secretary of Defense first ridiculed the report that Soviet modern long-range bombers were already flying in combat formations. But a few days later he admitted that the Pentagon was taking a very good look at our own needs. Then the Air Force announced a step-up in B-52 production and asked the Senate for supplemental appropriations. Assurances were given that there would be an increase in fighter-plane procurement. The Senate declined to concur in administration proposals to slash the Marine Corps.

Mr. Speaker, it has been my belief that we should not take on naked trust assurance and economy measures offered by an administration that obviously has been guided by inadequate information, that contradicts itself or changes its mind in public about every third day. It has been my belief that we should have an agonizing reappraisal, if necessary, by the Armed Services Committee, to fulfill our responsibilities for the security of the country.

We know now, at least, that the administration itself has admitted that its proposed budgetary figures were too low, and the Senate acted on the appropriations bill with the knowledge of that admission. This should bear weight with the Members of this body serving on the joint conference committee. The situation has changed since we acted in the House—and the administration acknowledges the change. I would urge the conferees of the House, in their wisdom, to take this situation into account in their discussions with the Senate conferees.

#### FOREIGN AID PROGRAM

(Mr. DAVIDSON asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. DAVIDSON. Mr. Speaker, I will vote for the foreign-aid program which our committee has reported. However, I must say in honesty that I have misgivings about it. Do not misunderstand me. I believe the program to be in America's best interest. I think the economic and technical assistance portion of it too small and would prefer a larger authorization. In my judgment, the proposal before us, recommended by the administration, lacks vision and life. It is niggardly advanced and so couched in militaristic terms as to belie our purely defensive and peaceful purpose. It is a far cry from the bold new plan the administration hinted at.

We are asked to approve a program of \$3,285,800,000, of which \$2,472,500,000 is for military use. We are asked to approve one vast global program without the breakdowns formerly furnished. I vote for it only because nothing more

will pass due to the apathetic attitude of the administration. General MacArthur recently said it very plainly: It is our leaders who are laggards. The people regard our foreign affairs as the most crucial issue before us. The administration concentrates on the budget and big business.

In the past there have been regional breakdowns of military aid funds. The authorization this year is global. In view of conditions in the Middle East, we should be informed as to how much military aid is going there and to whom it is going. Certainly, it is in the interest of the United States to encourage the development of strong and free democratic governments throughout the world. Certainly, too, these friendly countries should be strengthened so that they can defend themselves against aggression. There are 3 paramount sources of aggression today: First, The Soviet Union; second, Communist China; and third, the Arab States unceasing propaganda and economic warfare directed against Israel.

Since they obtained United States military aid, Iraq has never once changed or modified its attitude toward Israel. Only a short time ago, when Egypt's dictator belligerently stated Egypt was ready to go to war again if need be, Iraq promptly announced she would go to Egypt's aid—New York Times, June 5, 1955.

The strategic importance of the Middle East is well known. It is geographically most significant; its natural resources are needed by the West; the Suez Canal is a vital economic and military facility. Continued unrest and the threat of war in that area is not in our best interest and plays into the Communists' hands, as the Bandung Conference indicated.

The secret arming of some of the Middle Eastern countries does not help this situation. We should know the amount of arms going to each country. Certainly it would be preferable that no arms at all be sent to this area until there is a real peace there.

The one thing which will help and which Israel has constantly sought, and which the Arabs have constantly opposed, is a full-scale peace conference between Israel and the Arab States.

It should be borne in mind that the basic cause of the present Near East tension is the refusal of the Arabs to sit down at such a conference and fully discuss with Israel the issues which divide them. Actually, the primary source of trouble may readily be found at the Egyptian door. There are no outbreaks along Israel's borders with Syria and Lebanon. Unless the Egyptians sit down at such a conference in good faith, the unrest and tension will continue. The Times reported again yesterday that the Egyptians have once more refused to do so. In these circumstances, I submit that it is reckless on our part to furnish arms to the Arabs. The spectacle of our supplying arms to those who abjure peace is most strange.

Our Government should make a concerted and direct effort now to obtain such a peace conference. Israel is will-

ing to discuss any and all issues at such a conference. Long distance name calling will not resolve the differences. A conference will.

In summation, it seems to me that the administration proposal relegates the foreign economic development and technical assistance program to a back place. It is obvious that the Communists are engaged in an all out propaganda campaign to capture the support of the world. They picture us as militaristic, and materialistic only. We must refute this lie. We must balance our defensive preparations with understandable efforts to encourage democracy and freedom. Such phrases as "massive retaliation" and "agonizing reappraisal" are not calculated to win us friends. The bombastic tone of self-appreciation and infallibility exhibited by our foreign affairs spokesman gains us no new friends and only antagonizes those we have.

When President Eisenhower speaks out personally, he helps correct this appalling state of affairs. The difficulty is that he is apparently so hemmed about with advisors that he does not speak often enough or forcefully enough.

I hope Mr. Speaker, that we can go forward quickly with this program. Both its aspects, defense and economic development, should be stabilized at high levels. Increased economic and technical assistance is urgently needed in many areas. I share the concern others have expressed in any reductions in this program, particularly in the Near East. The situation remains critical there; it is equally tense in Asia; in Guatemala conditions appear to be going from bad to worse.

If we are to achieve victory in what seems to be a new period of peaceful competition, we need a truly dynamic program which will foster understanding, good will and knowledgeable long-range planning as the Marshall and Truman plans once did.

#### CALL OF THE HOUSE

Mr. ARENDS. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Obviously a quorum is not present.

Mr. VINSON. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

#### [Roll No. 98]

Alexander	Green, Pa.	Meader
Bell	Gubser	Miller, N. Y.
Berry	Henderson	Morrison
Bolton,	Holt	Moulder
Oliver P.	Horan	Mumma
Boykin	Jackson	O'Konski
Buckley	James	Polk
Canfield	Kearney	Powell
Chatham	Kearns	Quigley
Davis, Tenn.	King, Pa.	Reed, N. Y.
Dingell	Knox	Rivers
Doyle	Knutson	Robison, Ky.
Eberharter	Krueger	St. George
Ellsworth	Lovre	Scherer
Frelinghuysen	McDowell	Simpson, Pa.
Gamble	McGregor	Steed
Gray	Mack, Ill.	Tumulty



Andersen, H. Carl  
Andresen, August H.  
Andrews  
Anfuso  
Arends  
Ashley  
Ashmore  
Aspinall  
Auchincloss  
Avery  
Ayres  
Bailey  
Baker  
Baldwin  
Barrett  
Bass, N. H.  
Bass, Tenn.  
Bates  
Baumhart  
Beamer  
Becker  
Belcher  
Bell  
Bennett, Fla.  
Bennett, Mich.  
Bentley  
Berry  
Betts  
Blatnik  
Blitch  
Boggs  
Boland  
Bolling  
Bolton,  
    Frances P.  
Bonner  
Bosch  
Bow  
Bowler  
Boyle  
Bray  
Brooks, La.  
Brooks, Tex.  
Brown, Ga.  
Brown, Ohio  
Brownson  
Broyhill  
Buchanan  
Budge  
Burdick  
Burlison  
Burnside  
Bush  
Byrd  
Byrne, Pa.  
Byrnes, Wis.  
Cannon  
Carlyle  
Carnahan  
Carrigg  
Cederberg  
Celler  
Chase  
Chelf  
Chenoweth  
Chiperfield  
Chudoff  
Church  
Clark  
Clevenger  
Cole  
Colmer  
Cooley  
Coon  
Cooper  
Corbett  
Coudert  
Cramer  
Cretella  
Cunningham  
Curtis, Mass.  
Curtis, Mo.  
Dague  
Davidson  
Davis, Ga.  
Davis, Wis.  
Dawson, Ill.  
Dawson, Utah  
Deane  
Delaney  
Dempsey  
Denton  
Derounian  
Devereux  
Dies  
Diggs  
Dixon  
Dodd  
Dollinger  
Dolliyer  
Dondero  
Donohue  
Donovan  
Dorn, N. Y.

Dorn, S. C.  
Dowdy  
Durham  
Edmondson  
Elliot  
Engle  
Evins  
Fallon  
Fascell  
Feighan  
Fenton  
Fernandez  
Fine  
Fino  
Fisher  
Fjare  
Flood  
Flynt  
Fogarty  
Forand  
Ford  
Forrester  
Fountain  
Frazier  
Friedel  
Fulton  
Garmatz  
Gary  
Gathings  
Gavin  
Gentry  
George  
Gordon  
Granahan  
Grant  
Gray  
Green, Oreg.  
Gregory  
Griffiths  
Gross  
Gwinn  
Hagen  
Hale  
Haley  
Halleck  
Hand  
Harden  
Hardy  
Harris  
Harrison, Nebr.  
Harrison, Va.  
Harvey  
Hays, Ark.  
Hays, Ohio  
Hayworth  
Hébert  
Herlong  
Heseltan  
Hess  
Hiestand  
Hill  
Hillings  
Hinshaw  
Hoeven  
Hoffman, Ill.  
Hollifield  
Holmes  
Holtzman  
Hope  
Hosmer  
Huddleston  
Hull  
Hyde  
Ikard  
Jarman  
Jenkins  
Jennings  
Jensen  
Johansen  
Johnson, Calif.  
Johnson, Wis.  
Jonas  
Jones, Ala.  
Jones, Mo.  
Jones, N. C.  
Judd  
Karsten  
Kean  
Keating  
Kee  
Kelley, Pa.  
Kelly, N. Y.  
Keogh  
Kilburn  
Kilday  
Kilgore  
King, Calif.  
King, Pa.  
Kirwan  
Klein  
Kluczynski  
Laird  
Landrum  
Lane  
Lanham  
Lankford

Latham  
LeCompte  
Lesinski  
Lipscomb  
Long  
Love  
McCarthy  
McConnell  
McCormack  
McCulloch  
McDonough  
McDowell  
McIntire  
McMillan  
McVey  
Macdonald  
Machrowicz  
Mack, Wash.  
Madden  
Magnuson  
Mahon  
Mailliard  
Marshall  
Martin  
Matthews  
Mertow  
Metcalf  
Miller, Calif.  
Miller, Md.  
Miller, Nebr.  
Miller, N. Y.  
Mills  
Minshall  
Mollohan  
Morano  
Morgan  
Moss  
Multer  
Murray, Ill.  
Murray, Tenn.  
Natcher  
Nelson  
Nicholson  
Norblad  
Norrell  
O'Brien, Ill.  
O'Brien, N. Y.  
O'Hara, Ill.  
O'Hara, Minn.  
O'Neill  
Osmers  
Ostertag  
Patman  
Patterson  
Pelly  
Perkins  
Pfost  
Phillbin  
Phillips  
Pilcher  
Pillion  
Poage  
Poff  
Powell  
Preston  
Price  
Priest  
Prouty  
Rabaut  
Radwan  
Rains  
Ray  
Reece, Tenn.  
Reed, Ill.  
Rees, Kans.  
Reuss  
Rhodes, Ariz.  
Rhodes, Pa.  
Richards  
Riehlman  
Riley  
Roberts  
Robeson, Va.  
Robison, Ky.  
Rodino  
Rogers, Colo.  
Rogers, Fla.  
Rogers, Mass.  
Rogers, Tex.  
Rooney  
Roosevelt  
Rutherford  
Sadlack  
Saylor  
Schenck  
Schwengel  
Scott  
Scrivner  
Scudder  
Seely-Brown  
Selden  
Sheehan  
Shelley  
Short  
Shuford  
Sieminski

Sikes  
Siler  
Simpson, Ill.  
Sisk  
Smith, Miss.  
Smith, Va.  
Smith, Wis.  
Spence  
Springer  
Staggers  
Steed  
Sullivan  
Taber  
Talle  
Taylor  
Teague, Calif.  
Teague, Tex.  
Thomas  
Thompson, La.  
Thompson, Mich.  
Thompson, N. J.  
Wharton

Thompson, Tex.  
Whitten  
Thomson, Wyo.  
Thornberry  
Tollefson  
Trimble  
Tuck  
Tumulty  
Udall  
Utt  
Vanik  
Van Pelt  
Van Zandt  
Velde  
Vinson  
Vorys  
Vursell  
Wainwright  
Walter  
Watts  
Weaver  
Westland  
Wharton

## NAYS—5

Barden  
Crumpacker  
Hoffman, Mich.  
Smith, Kans.  
Mason

## ANSWERED "PRESENT"—1

Christopher

## NOT VOTING—40

Bolton,  
    Oliver P.  
Boykin  
Buckley  
Canfield  
Chatham  
Davis, Tenn.  
Dingell  
Doyle  
Eberharter  
Ellsworth  
Frelinghuysen  
Gamble  
Green, Pa.  
Gubser  
Henderson  
Holt  
Horan  
Jackson  
James  
Kearney  
Kearns  
Knox  
Knutson  
Krueger  
McGregor  
Mack, Ill.  
Meador  
Morrison  
Moulder  
Mumma  
O'Konski  
Passman  
Polk  
Quigley  
Reed, N. Y.  
Rivers  
St. George  
Scherer  
Sheppard  
Simpson, Pa.

So the conference report was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Mack of Illinois for, with Mr. McGregor against.

General pairs:

Mr. Morrison with Mr. Simpson of Pennsylvania.

Mr. Doyle with Mr. Scherer.

Mr. Moulder with Mrs. St. George.

Mr. Buckley with Mr. Frelinghuysen.

Mr. Green of Pennsylvania with Mr. Ellsworth.

Mr. Chatham with Mr. Horan.

Mr. Boykin with Mr. Holt.

Mr. Rivers with Mr. Jackson.

Mr. Polk with Mr. James.

Mr. Passman with Mr. Knox.

Mr. Eberharter with Mr. Kearney.

Mr. Quigley with Mr. Kearns.

Mr. Dingell with Mr. Henderson.

Mr. Davis of Tennessee with Mr. Gamble.

Mr. Sheppard with Mr. Gubser.

Mrs. Knutson with Mr. Canfield.

Mr. BARRETT changed his vote from "nay" to "yea."

Mr. CHRISTOPHER changed his vote from "yea" to "present."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

## FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Ast, one of its clerks, announced that the Senate had passed a joint resolution of the following title, in which the concurrence of the House is requested:

S. J. Res. 85. Joint resolution to extend for temporary periods certain housing programs, the Small Business Act of 1953, and the Defense Production Act of 1950.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 3005) entitled "An act to further amend the Universal Military Training and Service Act by extending the authority to induct certain individuals, and to extend the benefits under the Dependents Assistance Act to July 1, 1959."

## SELECT COMMITTEE ON SURVIVOR BENEFITS

Mr. HARDY. Mr. Speaker, I ask unanimous consent that the Select Committee on Survivor Benefits may have until midnight tonight to file a report on a bill.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

## MUTUAL SECURITY BILL FOR 1955

Mr. DELANEY. Mr. Speaker, by direction of the Committee on Rules I call up House Resolution 288 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

*Resolved*, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 2090) to amend the Mutual Security Act of 1954, and for other purposes, and all points of order against said bill are hereby waived with the exception of the language beginning on page 16, line 24, down through and including line 11, page 17, and the language contained on page 19, lines 7 to 16, inclusive. After general debate, which shall be confined to the bill and continue not to exceed 4 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Foreign Affairs, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. DELANEY. Mr. Speaker, I yield one-half of my time to the gentleman from Illinois [Mr. ALLEN].

Mr. Speaker, House Resolution 288 makes in order the bill S. 2098, which is the mutual security bill for 1955.

The amount in this bill is considerable. As passed by the Senate it provided an authorization of \$3,425,000,000. The Committee on Foreign Affairs recommends an authorization of \$3,285,800,000, which is a difference of \$139,200,000.

Without attempting to go into the specific items, the Committee on Rules provides 4 hours of general debate. This is an open rule. Points of order are waived except in two instances that refer to the carrying of cargo in American ships. At the proper time points of order will be made to strike out those parts.

I know of no objection to the rule and recommend and urge its adoption.



Mr. ALLEN of Illinois. Mr. Speaker, I yield to the gentleman from Massachusetts [Mr. MARTIN] such time as he may require.

Mr. MARTIN. Mr. Speaker, I ask unanimous consent to speak out of order.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. MARTIN. Mr. Speaker, 30 years ago there was an important event in the political history of Massachusetts, when our State selected its first woman Representative in Congress, Mrs. EDITH NOURSE ROGERS. Mrs. ROGERS was elected by an overwhelming vote. I am very happy to say that through the years her majorities have been increasing because of the able and intelligent service she has rendered. Mrs. ROGERS blazed the way for a good many women who later became Members of Congress because of her excellent service. Today we have 16 women Members of the House, including the Delegate from Hawaii.

I remember very well her initial campaign. Having been just elected to Congress, the Republican State committee sent me over to aid in her election as successor to her husband, the late John Jacob Rogers. I find her to be an excellent campaigner and a candidate with appeal.

Through the years Massachusetts and New England have never had a more valiant fighter for its interests than EDITH NOURSE ROGERS. She was a champion in behalf of New England industries. She is particularly known not only in Massachusetts and New England but throughout the country as a valiant champion of the rights of veterans. She came naturally by her solicitude for the veterans. In the First World War, while her husband was a Member of Congress, she very generously gave her time and was a hospital worker not only here in Washington but abroad as well. That devoted interest to the veterans has been increased through the years. So we from the State of Massachusetts are very proud of EDITH ROGERS. We are proud of her record and proud of the efficiency and ability with which she serves as Congresswoman. No one ever comes to her door and asks for aid but what they find a ready champion. I am happy to rise here today and pay tribute to her great service; service which I am sure she will continue as long as she desires, and may she have many years of useful service ahead.

Mrs. CHURCH. Mr. Speaker, will the gentleman yield?

Mr. MARTIN. I yield.

Mrs. CHURCH. I thank our distinguished minority leader, the gentleman from Massachusetts [Mr. MARTIN]. Mr. Speaker, the women of the House do honor to themselves in paying tribute to Mrs. ROGERS. I knew her here before I myself became a Member of the Congress. I can attest throughout the years to her humanity and her great kindness and her deep interest in the problems of all who come to her. She indeed did pioneer in the House of Representatives; and I think some of us who have followed her would particularly praise her for her endurance, if I may

say so. But we honor her in fact not only for what she is herself as a woman, but for what she has done as a legislator. I think that there is no one in the House who is second to her in courage, patience and persistence. Her record of legislative accomplishment for our veterans speaks for itself. We only hope that there will be 30 more years of service for EDITH NOURSE ROGERS.

Mrs. FRANCES P. BOLTON. Mr. Speaker, will the gentleman yield?

Mr. MARTIN. I yield.

Mrs. FRANCES P. BOLTON. Mr. Speaker, I am very happy to associate myself with everything that the gentleman from Massachusetts has said as well as what my colleague, the gentleman from Illinois [Mrs. CHURCH] has said. I do have the best of it, however, when compared with all the other women in the House as I have had 15 of those 30 years with our very distinguished colleague EDITH NOURSE ROGERS. She was on the Committee on Foreign Affairs when I first began my service on that committee. I shall never forget the first time I was in committee. We had the lend-lease bill up. I was very, very new and at the very bottom of the committee. I did not know what questions to ask. I had not even been to a committee hearing before. I asked a question which had been passed down to me by a member of the committee. I did not see anything out of order in the question, but all of a sudden there was a revolution in the committee—outside—and everywhere else—and the witness was forbidden to reply. Edith got up and with the most wonderful understanding she plead my cause. I have never forgotten it. That first meeting of the Committee on Foreign Affairs at which I was present was a really great time in my life. Since then I have had many opportunities to watch this charming woman who has given herself unstintingly to service in this House for 30 constructive years.

I went abroad during the war as she did to the camps and into the hospitals. Everywhere I went I found that the boys loved and trusted—EDITH ROGERS. They felt that she was constantly doing everything possible for them.

I am happy to add my congratulations not only to Mrs. ROGERS for the long years of selfless service that have been hers, but also to this House of Representatives and to all the people in her district and elsewhere whom she has served directly and indirectly. And today I join with all her colleagues in hopes that the years of service that be ahead of her will be as full of joy as those which have gone.

I thank the distinguished minority leader, the gentleman from Massachusetts [Mr. MARTIN] for the opportunity he has made possible to us all to express our appreciation of EDITH NOURSE ROGERS.

Mrs. HARDEN. Mr. Speaker, will the gentleman yield?

Mr. MARTIN. I yield to the gentleman from Indiana.

Mrs. HARDEN. It is a very great pleasure for me to pay tribute today to my dear friend and colleague, the dis-

tinguished Representative from the Fifth District of Massachusetts, Mrs. EDITH NOURSE ROGERS.

When I became a Member of this House in the 81st Congress, my first committee assignment was on the Veterans' Affairs Committee—EDITH ROGERS was the ranking minority member of that committee.

I shall never forget the many courtesies she extended to me and her timely and helpful advice. She was always patient, gracious, and kind to me, a freshman on her committee. Her interest in veterans' affairs and her untiring efforts in behalf of all veterans are unsurpassed.

Mrs. ROGERS, I congratulate you upon your 30 years of distinguished service in the United States Congress. I also congratulate the people of the Fifth Massachusetts District upon the splendid representation which they have enjoyed during these years.

Mrs. ROGERS, you merit the honor as dean of the women of the House of Representatives. We love and respect you.

May God bless you with health, happiness, and continued success.

Mrs. KELLY of New York. Mr. Speaker, will the gentleman yield?

Mr. MARTIN. I yield.

Mrs. KELLY of New York. Mr. Speaker, I am very happy that the gentleman from Massachusetts has taken this occasion to pay this deserving tribute to our colleague, EDITH NOURSE ROGERS, of Massachusetts. I, too, join in paying tribute to her because by her patience and by her courage and persistent efforts for all our boys in the service, she has earned for herself the esteem and love of countless members of our armed services as well as the love and esteem of all her colleagues in the House of Representatives. I deeply hope that, with God's blessings, she will be permitted to be with us for many, many years to come.

Mrs. SULLIVAN. Mr. Speaker, will the gentleman yield?

Mr. MARTIN. I yield.

Mrs. SULLIVAN. Mr. Speaker, I am very pleased that the minority leader, our former Speaker, the gentleman from Massachusetts [Mr. MARTIN], has called to the attention of the House this significant 30th anniversary of the start of what has been one of the most distinguished careers in Congress, that is the election 30 years ago of the gentleman from Massachusetts, Mrs. EDITH NOURSE ROGERS. I join with my fellow feminine Members of Congress who have already spoken in expressing my congratulations to Mrs. ROGERS.

I would certainly want to mention the very gracious and wonderful way that Mrs. ROGERS has treated new women Members of Congress. She was especially helpful, friendly, and kind to me during my first term. I shall never forget what this meant to me at the time, for it was a friendly hand and a very encouraging and reassuring experience. As the ranking woman Member of Congress, Mrs. ROGERS has shown us all a good example in sponsoring and furthering legislation of the kind which will help people, including our veterans and particularly our wounded and disabled veterans. When her party was in the ma-



jority in the Congress she was, I know, an outstanding chairman of the Committee on Veterans' Affairs, and as the ranking Republican on that committee she is ever alert to the needs of the veterans and to the kind of legislation which we must pass in their behalf.

Of course, the esteem in which she is held by all the Members of Congress, and particularly by the women Members, breaks down all the barriers of political difference. I congratulate the people of the Fifth District of Massachusetts for sending EDITH NOURSE ROGERS back to Washington all these years to represent them in the halls of Congress.

(Mrs. SULLIVAN asked and was given permission to revise and extend her remarks.)

Mr. NICHOLSON. Mr. Speaker, will the gentleman yield?

Mr. MARTIN. I yield.

Mr. NICHOLSON. Mr. Speaker, I want to join with the gentleman from Massachusetts in every single word he said in paying tribute to our colleague, the gentlewoman from Massachusetts [Mrs. ROGERS]. She has been a great friend of mine since I came to the Congress. She has gone out of her way to help me. I suppose I could stand here for another 5 or 10 minutes extolling her virtues, but I do not have to do it, Mr. Speaker, because the Members of the House know Mrs. ROGERS too well.

Mrs. BUCHANAN. Mr. Speaker, will the gentleman yield?

Mr. MARTIN. I yield.

Mrs. BUCHANAN. Mr. Speaker, I am very happy to join my colleagues in paying tribute to the beloved gentlewoman from Massachusetts who, on June 30, will observe her 30th anniversary of selfless service as a distinguished Representative of the Fifth District of Massachusetts.

She will always be remembered as the champion of legislation in behalf of the welfare of veterans and for her outstanding contributions as chairman of the Committee on Veterans' Affairs in the 80th and 83d Congresses.

She is a most charming, kindly, and gracious lady and it has been a privilege, indeed, to serve with her in this House.

EDITH NOURSE ROGERS has earned the respect and admiration of all of us and I wish to offer her my sincere and heartiest congratulations. The many tributes paid to her today by her colleagues, regardless of political affiliation, show what a great inspiration she has been to her fellow Members of this body.

Mr. HALE. Mr. Speaker, I want to join the gentleman from Massachusetts [Mr. MARTIN] in the sentiments which he has expressed. It may not be as well known as it should be that the gentle lady from Massachusetts, Mrs. ROGERS, had her origin in Saco, Maine. She is a frequent visitor in Saco, Maine, in the district which I have the honor to represent. I consider her one of my most distinguished constituents. The people there are proud of her and of her record. She knows that area of Maine as well as anybody knows it. I frequently solicit her assistance and advice, and I am proud to have her as a constituent.

During the 13 years I have had the honor of serving in this House, I wish to say that I have had the happiest associations with her. In fact, she was conspicuously gracious and hospitable to my wife and me from the moment of our first arrival here. I wish her long life and long continued service in this body. I am sure that her district will keep her here as long as she lives.

Mr. MARTIN. I yield to the gentleman from California [Mr. MILLER].

Mr. MILLER of California. Mr. Speaker, I have known Mrs. ROGERS longer than I have known any other Member of the House of Representatives. I knew her before she was a Member of this body. Back shortly after World War I, I was a minor official of the old Veterans' Bureau when she came to California as a dollar-a-year woman, representing the then President of the United States. She was making the fight for veterans. It was my privilege to accompany her throughout the 12th district of the old Veterans' Administration comprising the States of California, Nevada, and Arizona. I remember going to Prescott, Ariz., one cold evening to make a survey of the Whipple Barracks Hospital. While the staff traveling with her sought the comfort of the hotel, she spent the rest of the night sitting up with a tubercular patient who was dying. This was characteristic of the nobleness of her character.

I have seen the bigness of her heart. I want to pay tribute to her, and I want to tell you that the veterans of this country will never know the great contribution she has made toward their welfare.

Mr. MARTIN. Mr. Speaker, I yield to the gentleman from Indiana [Mr. ADAIR].

Mr. ADAIR. Mr. Speaker, I wish to associate myself with the remarks which have been made in honor of Mrs. ROGERS.

I think it appropriate to emphasize something which every Member of this House knows; that is, her warmhearted concern for veterans.

In the almost 5 years I have served with her on the Committee on Veterans' Affairs, I have observed, time after time, her willingness to give her time and attention to that great cause. She deserves not only the commendation of the House but of veterans generally.

Mr. MARTIN. Mr. Speaker, I yield to the gentleman from Connecticut [Mr. PATTERSON].

Mr. PATTERSON. Mr. Speaker, I, too, want to pay tribute to Mrs. ROGERS, a Representative from New England. I assure you that Mrs. ROGERS is held in high esteem by all of our veterans, especially those who are disabled. In fact, she is symbolic of the hope and future of our disabled American veterans. Mrs. ROGERS' devotion to the people of her district and the country at large has won for her a reputation of a great leader, humanitarian, and above all, the highest honor that can be paid a person, that of a great American. Seldom do we find in any one person the many excellent qualities possessed by EDITH NOURSE ROGERS. I extend to her my most fond

respects and personal best wishes for many more years of good health and service in this Congress where she has no peers.

Mr. MARTIN. Mr. Speaker, I yield to the gentleman from California [Mr. JOHNSON].

Mr. JOHNSON of California. Mr. Speaker, I join with the minority leader in paying tribute to Mrs. ROGERS and the wonderful work she has done.

EDITH ROGERS symbolizes help to the veterans of our country. As the chairman and as ranking members of the Veterans Committee of the House she has for years carried the torch for the veterans. This reputation is deserved and she is undoubtedly known by more veterans in the United States, as their friend, than any other person. Sometimes I wondered if she was not doing too much for veterans. I mentioned it to her and her answer was "You cannot do too much for disabled veterans" and after careful reflection, I agree with her. Men who have had their bodies broken for the protection of our country deserve everything we can do for them. Also, I am beginning to think that all veterans, especially combat veterans, should receive liberal consideration. Every segment of our population made big money during the wars—the First World War and the Second World War. Why should not those who made the victory possible also receive generous consideration?

EDITH ROGERS is also a great supporter of proper defense for our country. Since I have spent 13 years on the Armed Services Committee I can testify that many times she had discussed defense problems with me and those conversations have displayed a keen knowledge by her of what our country needs in the defense field.

As a friend and colleague, Mrs. ROGERS is wonderful. She is friendly, helpful, and kind in her contacts with Members.

I only hope we may have her with us for many more years as she is a distinct asset to the House of Representatives.

(Mr. JOHNSON of California asked and was given permission to revise and extend his remarks.)

Mr. MARTIN. Mr. Speaker, I ask unanimous consent that all Members may have permission to extend their remarks at this point in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. BENNETT of Florida. Mr. Speaker, I wish to join in the tribute being paid to Congresswoman ROGERS on her service to veterans, to the armed services, and to our country generally. She is a gracious, warm-hearted person of courage and determination. I will always treasure her friendship. It is a pleasure to honor her on the important anniversary of her public service.

Mr. MACK of Washington. Mr. Speaker, I am happy to join with my colleagues in paying tribute on her 30th anniversary as a Member of Congress to Mrs. EDITH NOURSE ROGERS.

I had the privilege of being a member of the House Veterans Committee during the 83d Congress during which she was the able and result-getting chair-



man of that committee. American veterans and the veteran families of all our wars owe much to the distinguished gentlewoman from Massachusetts for the ability, zeal, and diligence which she always has employed in protecting their best interests.

Mrs. PFOST. Mr. Speaker, it was a lucky day for the people of the Fifth Congressional District of Massachusetts—and an even more fortunate day for the country at large—when, exactly 30 years ago, EDITH NOURSE ROGERS was elected to the House of Representatives. In her long and illustrious career she has written a record of achievement that few Members can equal.

She is best known, of course, for her great understanding of the veteran and his problem, and for the many fine measures she has sponsored for the benefit of those to whom we owe our liberty. She has twice served as chairman of the House Veterans Committee—the first Republican woman to head a House Committee—and is now the ranking minority member. She has demonstrated again and again that rare combination—a great heart and a deep-seated practicality.

Today EDITH NOURSE ROGERS is the revered and respected dean of women in the House—I frequently refer to her as the “Queen of the House.” She has served longer than any other woman—there are few men who outrank her.

It is always a pleasure when a woman in public life has the opportunity to pay tribute to another woman in the same field. It is, however, with particular pride and sincere affection, that I, a comparative newcomer and a Democrat, pay tribute here today to EDITH NOURSE ROGERS, of Massachusetts. I glory in the record she has made and I thank her for what she has done to help pioneer the way for the rest of us.

Mr. LONG. Mr. Speaker, upon her completion of 30 years of service in the House of Representatives—an honor which few men ever attain, and perhaps no other woman—I am privileged to pay appropriate tribute to a great lady, our colleague from Massachusetts, the Honorable EDITH NOURSE ROGERS.

Throughout her years in Congress, and even before that time, Mrs. ROGERS has distinguished herself as a champion of the veteran's cause. Without a doubt her name will go down in history as the greatest single champion of veterans' rights and benefits.

When I first came to Congress only a few years ago, I was appointed to the Committee on Veterans' Affairs which she at that time headed as chairman. I say without fear of contradiction that her unswerving loyalty to the veteran, his widow and his orphan, was felt by every member of that committee during her tenure as chairman—a completely nonpartisan attitude which is still manifest. If her views were ever biased, it was certainly in the veteran's favor. It is my understanding that she became a member of the original committee of the House having jurisdiction over legislation for veterans soon after she was first elected to Congress, and has served continuously on the committee for the

full tenure of her congressional career. She is the only Member of the House at the present time who served on that original committee.

Service and devotion to veterans go even beyond her tenure in Congress, for I am informed that prior to her election she was appointed by several Presidents as their personal representative in care of disabled veterans.

Hers is truly an enviable record. I know of no other Member of this body who, aside from service to his own constituents and State, has dedicated himself so completely to a single cause.

We are privileged, Mr. Speaker, to have her with us still, and I hope for many years to come.

Mr. MARTIN. Mr. Speaker, I yield to the gentleman from Ohio [Mr. AYRES].

Mr. AYRES. Mr. Speaker, when I first came to the Congress, the dean of the Ohio delegation [Mr. JENKINS] suggested that I become a member of the Committee on Veterans' Affairs. I shall never forget his statement at that time, when he said: “You will have the privilege of working with one of the most understanding, humanitarian Members that has ever come to the Congress, in Mrs. ROGERS.” It has been my privilege to sit next to her for almost 4½ years, and I say, Mr. Speaker, there probably is not nor ever will be a more humanitarian and understanding Member of this body than you, Mrs. ROGERS.

Mr. MARTIN. I yield to the gentleman from Massachusetts [Mr. MCCORMACK].

Mr. MCCORMACK. Mr. Speaker, I am very glad to join in the remarks of my friend from Massachusetts [Mr. MARTIN] and the remarks made by other Members in relation to Mrs. ROGERS. I have profound respect for Mrs. ROGERS. I do not know a more outstanding legislator. She has indomitable courage, and is one of the most courageous legislators I have ever served with. Mrs. ROGERS is not only a great legislator and a great American, but her charitable acts are known by countless thousands of persons, not only in Massachusetts but elsewhere.

May I also say that as a great legislator and statesman, in my opinion, Mrs. ROGERS has the best political sense of any Member of the House, and I highly compliment her for it.

Mr. MARTIN. Mr. Speaker, I yield to the gentleman from Colorado [Mr. ROGERS].

Mr. ROGERS of Colorado. Mr. Speaker, on behalf of the Rogers bloc in Congress we recognize the lady, EDITH NOURSE ROGERS, as our dean and leader, because her accomplishments have upheld the name so well in the Congress of the United States. We like to pay tribute with our other colleagues to the outstanding work and human kindness that have been expressed by her in her service in this Congress.

Mr. MARTIN. Mr. Speaker, I yield to another of the Rogers bloc, the gentleman from Florida [Mr. ROGERS].

Mr. ROGERS of Florida. Mr. Speaker, joining with the Rogers bloc in Congress, I want to associate myself with all the wonderful remarks that have

been made today in behalf of our “cousin,” EDITH NOURSE ROGERS, of Massachusetts. I also want to say that Hon. WALTER ROGERS of Texas has asked us to convey his best wishes also.

We wish the gentlewoman from Massachusetts many more years of service, and we are proud to be associated with her in this body.

Mr. MARTIN. Mr. Speaker, I yield to the gentleman from Pennsylvania [Mr. SAYLOR].

Mr. SAYLOR. Mr. Speaker, I want to join with the other Members in congratulating our distinguished gentlewoman from the State of Massachusetts because of her outstanding record. I have had the pleasure of serving with her on the Veterans' Committee. She is a real fighter. She is also a lady throughout; but when the time comes that she wants a bill through, you can rest assured that she has made the name “ROGERS” so well known in getting behind that bill that she will be remembered for many generations as the great champion of the veterans of all wars.

I want to commend her for her devoted work in the Congress and hope she will have many more years of service in this House.

Mr. COOPER. Mr. Speaker, will the gentleman yield?

Mr. MARTIN. I yield to the gentleman from Tennessee.

Mr. COOPER. Mr. Speaker, in my early service as a Member of this body it was my privilege to serve with Mrs. ROGERS on a committee and to observe her splendid understanding of legislative problems as they were presented.

I join with the distinguished gentleman from Massachusetts and other colleagues in paying deserved tribute to her, a lady who possesses the highest attributes of Christian character, a most accomplished legislator, and one who deserves the admiration and respect not only of all her colleagues, but also of the people of this country.

Mr. ALLEN of Illinois. Mr. Speaker, I yield 4 minutes to the gentlewoman from Massachusetts, [Mrs. ROGERS].

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to proceed out of order.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, Mr. Minority Leader, Mr. Majority Leader, and all of the Members who spoke, I am deeply grateful for your very generous and very kind words. If I talked for 24 hours I could not express my full appreciation of all you have meant to me in my service in the Congress of the United States and of the privilege I have always felt membership in this body to be the greatest legislative body in the world. With all of its ups and downs I have enjoyed every minute of my service here.

I am and always have been deeply grateful to those who first elected me and who have reelected me all these years, my very kind and generous constituents of the wonderful Fifth Massachusetts District I represent. I have



tried terribly hard to be worthy of that trust and to be a worthy Member of this great legislative body.

With all my heart I thank you.

To those of you who wish me more years of service here may I say that the first 30 years are the hardest.

Mr. DELANEY. Mr. Speaker, I yield 3 minutes to the gentleman from Arkansas [Mr. HARRIS].

Mr. HARRIS. Mr. Speaker, as we are considering the rule for the mutual security program I think it is appropriate to call to the attention of the House that 16 years ago today the first commercial airline from the United States made its first flight across the ocean to foreign countries. At that time, 16 years ago, the Pan American Clipper made the first flight which brought the nations of the world closer together.

A Pan American DC-7B, newest of any over-ocean plane, will take off from New York at 5 p. m. this afternoon—Tuesday—to make the airline's 50,000th crossing of the Atlantic.

In the 16 years since the first flight, the airline has carried 2,021,483 passengers a distance of 200 million miles across the ocean—the equivalent of moving the entire population of Philadelphia 870 times to the moon.

Harold E. Gray, captain of the first flight, is now executive vice president of Pan American.

With the completion of the 50,000th flight, Pan American will have carried across the Atlantic 24,540,618 pounds of mail, the equivalent of 552 million letters. At the rate of 100 an hour, it would take almost 630 years to shove that amount into a post box.

In the interval between the first and 50,000th flight, Pan American has sped 35,275,394 pounds of cargo across the ocean. This amounts to as much as 11,700 modern automobiles weigh. But it was all sorts of cargo, from machinery weighing more than a ton to dresses fresh from Paris salons and weighing ounces.

Pan American's passenger flight No. 1 across the Atlantic on June 24, 1939, was the industry's first as well. Two years had been spent on careful survey flights and another 5 before that on expeditions to the Arctic to compile necessary information on Atlantic weather, communications problems, and flying conditions.

The world's fair was in full swing in New York, and King George VI and his Queen had just left for England after a tour of the United States and Canada when Pan American's flying boat, the *Yankee Clipper*, cut through the waters of Long Island sound near Port Washington for its flight to Southampton.

This 42-ton flying boat, a little more than half the weight of modern clippers, had a speed of 140 miles an hour and often required more than 24 hours to make the trip to Europe. Once a week it followed the northern route via Botwood, Newfoundland, and Foynes, Ireland, to Southampton. Once a week, its sister ship, the *Dixie Clipper*, flew the mid-Atlantic route through Bermuda, Horta in the Azores, Lisbon, Portugal, to Marseilles in France.

First came the unpressurized DC-4's in 1945, limited to 10,000 feet. The Constellation in 1946 was the Atlantic's first pressurized Clipper permitting flights above the weather. It was followed in 1940 by the Boeing stratocruiser, a double-deck, all-sleeper plane with 3,500 horsepower per engine as compared with the flying boat's 1,500. The super-stratocruiser, modernized since 1949, is the most luxurious aloft.

Douglas contributed the DC-6B in 1952, which carried the largest loads up to that time—82 passengers across the Atlantic. New in service is the DC-7B, the fastest modern airplane—353 miles an hour, 11 hours to London, as against 140 miles an hour and 24 hours in 1939. Coming next year is the 5,000-mile range DC-7C.

Clipper captains remember these highlights of the 16 years:

#### FIRST PRESIDENT TO FLY

President Franklin D. Roosevelt traveled PAA to the Casablanca Conference in 1943, marking the first time a President had flown while in office. Other famous wartime passengers: Queen Wilhelmina, of the Netherlands; Chiang Kai-shek; King Peter, of Yugoslavia; Gen. George C. Marshall; Gen. Dwight D. Eisenhower.

Cargoes were vital, too, and sometimes dangerous. Several flights under PAA's contract with the Air Transport Command were loaded with shell fuses bound for General Montgomery's troops in Egypt at a critical moment before the battle of El Alamein. More routine were flights carrying crude rubber from the jungles of the Amazon to England and others carrying a 7,500-pound shipment of bombing tables for the Eighth Air Force.

#### LEAST TIME TRACK

Its years of weather research paid off with speed records as the company learned to use the "least time track" rather than the Great Circle course to arrive at its destination with the help of the most favorable tail winds. Pan American still holds the record for a New York to London nonstop of 8 hours and 55 minutes made on November 22, 1949, with the help of a monster tailwind.

Technically, the pilots say, progress has been made a little at a time during the 16 years. Pressurized airplanes made possible flying "over the weather," a great advance in passenger comfort and in safety. Radio phone replaced the laborious dot-and-dash method. Navigation was greatly improved by the addition of Loran gear, a method of locating planes more accurately while in flight, improvements in octants, and installation of radio altimeters.

Longer-range airplanes gave the pilots more choices of alternates. Higher octane fuel provided more power for engines and lower fuel consumption. Supercharging and the use of power-recovery devices again improved performance. Bad weather landings were made safer by radar at airports. The logical outgrowth, airborne radar, is now just coming into use.

#### SELLING ATLANTIC TRAVEL

Selling Atlantic travel has a history, too. Pilots remember the off-season fares first put into effect in the winter of 1947 to help smooth out the peaks and valleys of transatlantic sales.

But the first really significant milestone in bringing transatlantic flying to the average man was the inauguration of tourist-class service in May of 1952. Pan American first proposed a two-class service, with less frills for the tourist class, higher density seating and a fare of approximately 25 percent less as early as 1948. But it was not until 1952 that all airlines were ready. Business since has increased by 69 percent.

The familiar American habit of buying on time was first applied to air transportation successfully on May 1, 1954, when Pan Am's "Pay Later" plan went into effect. Over \$4 million worth of business was done in the first year and the estimate is that 80 percent of the customers would not have flown abroad at all without the convenience of the financing.

#### FAMILY FARES THIS FALL

Newest promotional plan is next fall's family fares whereby the head of the family will pay full fare on a trip to Europe while each member of his family pays \$300 less on first class and \$200 less on tourist.

Clouds of war were on the horizon in 1939, 50,000 flights ago. And in World War II, Pan American alone was privileged to make more than half the total United States airline contribution. Pan Am's wings today are stronger than ever. Its long-range four-engine fleet could deliver to Europe 7,600 troops a day to help defend members of the great Atlantic community in case of need.

In the meantime, however, the bright new Clippers are contributing heavily to the ever-increasing prosperity of our peaceful neighbors across the Atlantic.

Mr. Speaker, I include as a part of my remarks the following editorial from the New York Times of Tuesday, June 28, 1955:

#### FIFTY-THOUSANDTH CROSSING

One day in June 16 years ago, when the World's Fair in Flushing Meadows was in full swing and ominous rumblings of war were sounding across the ocean, a big Pan American clipper rose into the air from Port Washington and headed seaward. It was the first commercial flight across the North Atlantic.

Today a plane about twice the Yankee Clipper's size, a 353-mile-an-hour Pan American DC-7B, will take off from Idlewild on a nonstop flight to Paris. This is the line's 50,000th crossing of the Atlantic. In between these events lie a dazzling pyramid of statistics: 2,021,483 passengers, 20 million miles, more than 24,540,618 pounds of mail and 35 million pounds of cargo.

Today Pan American has some 30 flights a week across the ocean. Harold E. Gray, executive vice president, who was captain of the first flight, notes that planes are not only faster, they carry twice as many passengers. And Pan American today transports 17,000 persons a month across the Atlantic, compared to an average of 300 in the early days.

Great liners of the air come into Idlewild now flying the flags of many nations. Well over a hundred flights a day wing in from or take off for some foreign port. By 1946 the



traffic on the Atlantic lanes alone had risen to 150,000 persons annually, counting the volume in both directions. Last year it was 590,000.

Pan American deserves much credit for its share in developing this traffic. From the beginning they saw far, and they dared. The record shows that Pan American took the lead in pressing for tourist class, for lower rates in both passenger and cargo business and for other ideas to sell air travel and transport to every far corner of the globe.

Mr. BEAMER. Mr. Speaker, will the gentleman yield?

Mr. HARRIS. I yield to the gentleman from Indiana.

Mr. BEAMER. Mr. Speaker, it has been my pleasure and privilege to visit some foreign countries on Pan American planes. It is appropriate that the word "American" is in their name because this company is another organization that serves as an ambassador of good will wherever it goes.

American businessmen have carried the best of our culture to all parts of the world. The advancement of aviation has made neighbors of all countries.

For this and for many reasons, I am pleased to add my tribute to Pan American World Airways on the occasion of their 50,000th transoceanic flight without 1 fatal accident. This is an accomplishment of which their company indeed can be proud. As a member of the House Interstate and Foreign Commerce Committee that is charged with legislative problems of transportation, I share this justifiable pride.

Mr. MORANO. Mr. Speaker, will the gentleman yield?

Mr. HARRIS. I yield to the gentleman from Connecticut.

Mr. MORANO. I wish to associate myself with the remarks just made and to say that I have the honor of representing the district and live in the very town in which reside both the president, Mr. Juan Trippe, and the vice president, Mr. Samuel Pryor, Jr., of the Pan American Airways.

Mr. HARRIS. I thank the gentleman for his contribution.

(Mr. HARRIS asked and was given permission to revise and extend his remarks and to include an editorial from the New York Times.)

Mr. KLEIN. Mr. Speaker, I should like to add a few words to the remarks made by our colleague, the gentleman from Arkansas.

I have done a good deal of traveling by air, both abroad and in this country. I have always been most happy when we chose Pan American Airways as our means of transportation. I should like to add my congratulations to this fine airline on the occasion of its 50,000th crossing of the Atlantic Ocean at 5 o'clock today, and to its officers and personnel. The record of safety and of excellent service consistently maintained by them is really outstanding. I trust that they will continue to maintain this wonderful record, and to aid in keeping the American flag aloft throughout the world.

Mr. DELANEY. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. CELLER].

#### INDIA AND YUGOSLAVIA

Mr. CELLER. Mr. Speaker, I would like to address myself briefly to the question of aid to Yugoslavia and India. There seems to be generating an opinion that aid should be denied those countries because of their recently improved relations with the Soviet Union. I take it, and I believe, that these better relations do not mean and should not mean a worsening of our relations with these same countries. I say this despite the recent joint demarche of Tito and Bulganin and Nehru and Bulganin.

What determines who the beneficiaries of United States aid shall be?

Is it not because we are a fortunate people blessed with spiritual and material strength and that our tradition as a people so blessed moves us to share with those less favored. Our aid is not a bribe. We are a people alive to suffering. We have given aid in the recent past to Red China, East Germany, Czechoslovakia, and Albania, all Communist-ruled countries. Indeed, throughout our history, we have rushed aid to disaster areas. More than 30 years ago under Herbert Hoover's leadership, we helped to feed the populations of the Soviet Union, when they were confronted with famine.

We are concerned with development of peoples everywhere as we are for ourselves in reaching upward to embrace principles of a just and moral civilization.

Surely we are concerned with peoples faced with great economic need who search for an answer and have not committed themselves to the false gods dangled before them by Communist Russia.

But also, we are concerned where our own self-interest demands that peoples not so committed be lured, through our own default, into the Soviet camp which spells for them captivity and ultimate disaster.

These reasons, among others, must compel us not to deny our aid, either to Yugoslavia or to India.

True, Yugoslavia is a Communist country, but equally and forcefully as true is the fact that Yugoslavia has wrenched itself free from Soviet domination; has demonstrated dramatically to the world that it can successfully defy the power of the Soviet Union, and this is of crucial importance to any negotiation or discussion the Western powers may have with the Soviet Union on the status of its now satellite states. It is acknowledged throughout Yugoslavia that United States aid, without strings attached, is more welcome a choice than the Soviet Union heavy-handed interference and attempted control of the Yugoslav people. They are a happier people spared the bleakness of dire economic want, because of the United States, and on the other hand because of our aid they were spared the tragedy of Soviet domination, and because of the United States aid they are enabled to resist the recent Soviet courtship. Starving people make desperate choices. If United States aid to Yugoslavia were now withdrawn, a severe blow would be delivered against world peace. A noncommittal joint statement released

by the Soviet Union and Yugoslavia at the termination of the Soviet delegation's last visit revealed a suspected but heretofore unproven chink in the armor of the Soviet Union. Let it not be thought for a moment that the leaders of international communism in all parts of the world did not take notice and shudder. A blind trust which International Communist leaders had in many of the still free countries of the world was shaken. It is too soon for any of us to be able to measure the repercussions, but they are there, and the lesson of Yugoslavian resistance will not be forgotten. Yugoslavia will be watched carefully and as it grows in economic strength, it will be further demonstrated that the milk of peace and plenty does not always flow from the bosom of Mother Russia. This is a realization which will grow upon the wavering countries of Asia and upon those in the other countries of the world who have slavishly sold their hearts and their intelligence to the mint of Soviet omnipotence.

Like Yugoslavia, India has adopted a fierce independence, and while superficially it may appear that India looks with kinder eyes upon the Soviet Union than it does upon the West, the fact still remains that India with its newly-won independence stands fiercely jealous of her rights, her benefits, her privileges as a free nation, it is because of this stubborn independence that the Soviet Union works unceasingly to win with these countries.

I have been in India and encountered at first hand the sensitive, searching pride of the Indian people, the probing intelligence of its leaders. We have been critical of India as India has been critical of us. These are the attributes of sovereignty. There have been mistakes and misunderstandings on both sides. There is a gap in India's knowledge of our tradition, of our way of life just as there is a gap in our understanding of India and her life. We cannot dismiss the stubborn fact that India is an independent country and we cannot make her very independence the reason for withdrawal of aid. India is poor, India is struggling. Can we, in our own good fortune demand that Indian people eat not, because we disagree with some of her ways of life. If we use our material wealth as a whip to silence independent countries and by their silence make them eligible for our aid, then we stand condemned before the world as spiritually impoverished. It is time we exploded this caricature of the United States which Soviet propaganda has drawn of us and implanted in the minds of peoples in the East and in the West. Only the Soviet Union, so Soviet propaganda goes, is concerned with the welfare of people as people. The West wants only to buy friendship, says the Soviet Union. We, the Soviet Union not the United States, care about the hungry. It is this kind of talk which is the chain which holds international communism together. India is not a Communist nation. There are pools of Communist agitators in India, just as there are pools of Communist agitators in France and Italy. But the Indian



leadership is keenly aware of the threat of internal subversion and is taking steps to counter it, as we have seen in the recent local elections in that country.

Let us now and forever divorce ourselves from any talk that United States aid exists only because of the Soviet threat. United States aid existed long before the ugliness of Soviet aggression and subversion. To this tradition we must be loyal. Let it not be said of us that if the Soviet aggression did not exist, the United States would have no concern with the starving peoples of other countries.

Mr. ALLEN of Illinois. Mr. Speaker, I yield such time as he may desire to the gentleman from Utah [Mr. DAWSON].

Mr. DAWSON of Utah. Mr. Speaker, today the House Interior and Insular Affairs Committee approved legislation to authorize the upper Colorado River storage project. Since this overall basin development program was first conceived 5 years ago, it has been the center of controversy and misinformation. The most controversial feature was the inclusion in the project of Echo Park Dam within Dinosaur National Monument.

The measure as approved by the committee today and as it will appear before you for your action, does not call for construction of Echo Park Dam. This controversial structure is not in the bill. The opposition from conservation organizations has been such as to convince us in the four-State area directly benefiting from the project that authorizing legislation could not be passed unless this dam was taken out. We hated to lose it. I still feel that it would be better for the monument if it were built. But we in the sparsely settled, arid West have neither the money nor organization to cope with the resources and mailing lists of the so-called conservationists.

In dropping Echo Park Dam from the project, we now feel free to call upon those same organizations to change their attack to support. Time and again in testimony, spokesmen from conservation groups made it plain that their opposition was directed only toward the dam in Dinosaur and not to the overall project itself.

Leading spokesman for conservation groups and one of the most effective critics of Echo Park—Gen. Ulysses S. Grant III—testified as follows before the House Interior Committee:

With a sincere desire to provide for the sound economic development of the upper Colorado Basin, we strongly recommend to your committee the passage of legislation (1) authorizing the immediate construction of the following dams, namely, Flaming Gorge, Cross Mountain, Whitewater (Bridgeport), and Glen Canyon; and (2) authorizing and directing the Bureau of Reclamation to proceed with the revision of the 1950 upper Colorado storage project eliminating therefrom the Echo Park and Split Mountain Dams.

General Grant is a noted engineer and president of the American Planning and Civic Association.

Many members have been approached by members of Izaak Walton Leagues in their districts on the subject of the upper Colorado River project and Echo Park Dam. With the elimination of Echo Park

Dam from the project, supporters of this overall basin development should have the backing of league members for the bill.

Here is how J. W. Penfold, of the Izaak Walton League, testified before the House committee on this project:

Colorado and western members of the league, and league nationally, are not opposed to the development of the Colorado River. We endorse the fundamental purposes and objectives of the upper Colorado storage project. We recognize that if the West is to develop along sound resource lines there must be a sound and coordinated program for the conservation and use of the limited supplies of water. We recognize that much of the water originating at elevations up to and exceeding 14,000 feet and dropping nearly 3 miles on its journey to the sea can and should create energy to serve human, agricultural, industrial, and commercial needs.

We recognize that world demands as well as those of our expanding populations mean that America must plan for the optimum production of foods and fibers from all suitable lands including those suitable for irrigation. We recognize that under the 1922 compact, there must be some such storage plan as that now proposed, if the upper basin States are to be able to make full beneficial use of the waters allotted to them.

Moreover, we in the league are thoroughly convinced that the arid and semiarid West must have a complete water-conservation program that extends from the very ridgepole of the Continental Divide to the sea.

From his testimony, it is apparent that the league's opposition was against Echo Park Dam only, not against the entire project.

The National Parks Association also has supported this project—provided it did not include Echo Park Dam. Here is what the organization's executive secretary, Fred M. Packard, had to say to the House committee last session:

The national conservation organizations have not opposed the upper Colorado River project, and have no desire to impede orderly development of the water resources of the Western States. They have objected unanimously to one aspect of the plans for this project, namely, the including of Echo Park and Split Mountain Dams proposed to be constructed within Dinosaur National Monument.

We urge that the desirability of authorizing now other dams outside the national monument be considered by this committee, dams that are not injurious to other significant values, and about which no serious controversies have arisen. We suggest to the people of Utah and Colorado that they support the proposed revision, not only because it is in the national interest, but also because they stand to gain from it. They can realize the maximum local benefits in water and power, and still have available the great resource of a magnificent national park system area as an attraction to people from all over the country. We have been assured by delegates to Congress from these States that they will welcome a practical alternative proposal that will safeguard the national monument. We have presented such a proposal, and hope it will be adopted, with such refinement as may be desirable, as being in the interest of the local economy as well as of the Nation.

We in the upper Colorado Basin States are not so naive as to think that attacks against this project will cease because of the deletion of Echo Park Dam. Southern California interests will continue to

finance vast propaganda programs in order to prevent us in the intermountain area from using the water promised us by solemn compact in 1922. But we do expect that the responsible, genuine conservation organizations who opposed Echo Park as an invasion of the national park system to come to our support. There is no conservation program as vital to the Nation as the conservation of our soil and water. This project does just that and provides that the Government will be reimbursed entirely for the money advanced.

I urge all Members of Congress to look through the specious cost figures being circulated in order to determine the cause and originators of the attack. It is no coincidence that opposition to reclamation such as is directed against the upper Colorado only comes when any project would use water that ultimately flows through California. Southern California would rather have the upper basin States go dry. They would continue the present situation whereby our water wastes into the sea because, in the course of its wasting, it turns turbines in the lower basin and subsidizes industry with power sold at dump rates.

A vote against the Colorado River project is a vote to waste water and to subsidize southern California industries. A vote for it is a vote to continue the development of an area whose mineral riches are responsible, in a large measure, for the wealth and strength of this Nation.

(Mr. DAWSON of Utah asked and was given permission to revise and extend his remarks.)

Mr. DELANEY. Mr. Speaker, I ask unanimous consent that the gentleman from New York [Mr. KLEIN] may be permitted to extend his remarks in the RECORD immediately following those of Mr. HARRIS of Arkansas.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. DELANEY. Mr. Speaker, I move the previous question.

The previous question was ordered.

The resolution was agreed to.

Mr. RICHARDS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 2090) to amend the Mutual Security Act of 1954, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill S. 2090, with Mr. TRIMBLE in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. RICHARDS. Mr. Chairman, I yield myself 20 minutes.

Mr. Chairman, the so-called mutual-security bill before us authorizes the funds necessary to continue the mutual security program for another year. The total authorized is \$3,285,800,000, which is \$139,200,000 less than the amount requested by the executive branch. It ex-



ceeds the amount appropriated last year for the same purpose by \$504,300,000.

This year I do not believe that it is necessary to take up the time of the Committee discussing why we have a mutual security program. This year I think it is readily apparent that the enormous investment which we have made in providing assistance to other nations is beginning to pay off. We can see signs in all areas of the world that this is true.

There are some members of our Committee on Foreign Affairs, who are just as conscientious as the majority of the committee, which reported out this bill by a vote of 20 to 4, who have filed a minority report. That they certainly had a right to do. I am sure that in their hearts, when they are against the foreign-aid program, as was shown by their vote last year, and their vote this year, and perhaps the year before last, they are just as conscientious as I am in the position they take. Although they do not agree with our position, I honor them for filing this minority report, even though I think it unfortunate that it comes from the minority side, which represents the administration of President Eisenhower in this great body.

I did not think the time would ever come when I would have to try to defend the President's mutual security program, not only to some few members of my own party, but to defend it from attacks and onslaughts of a very able and conscientious segment of the Committee on Foreign Affairs, who are Republicans.

There is another distinguished minority member of the committee who will be offering many amendments to this bill. He is a dear neighbor and friend of mine. I am sure he finds himself in a rather anomalous position. He will probably carry the ball for the administration on his side, yet will probably attempt to improve the bill by an amendment of his own. Though I love him and admire him, I am wondering how he is going to accomplish those two purposes and bring his aims together on any ground.

At the recent Conference at Bandung, we had a demonstration that the newer nations of the world, in spite of their deep-seated resentment against what they regard as the past injustices they have suffered at the hands of their recent colonial masters, nevertheless spoke out firmly, with courage and determination, against Soviet imperialism.

In Europe, after years of negotiation and frustration, a substantial and definitive step was taken to bring about a united defense organization in which national pride has been submerged in a common effort in order to meet the realities of the present world situation. The treaty establishing the Western European Union has been ratified, and today we can see France, Germany, Italy, Belgium, Luxembourg, and the Netherlands united to meet Soviet aggression as a single unit.

In our own hemisphere we have seen the people of Guatemala rise against the advocates of world communism and, with the firm backing of the other American Republics, throw out the Communists

and reestablish democratic government.

We see today that there is a new party line for the foreign policy of the Soviet Union. I want to make clear that I believe it to be nothing more than a change in the party line. I am sure that the basic policies and intentions of the leaders in the Kremlin have not changed and that the danger to the free nations of the world has not diminished in any way. Nevertheless, it seems to me that the evidence is clear that the Soviet dictators have found the tide beginning to run against them throughout the world, so that they have decided that it is necessary for them to invoke new measures in their effort to stave off the inevitable disaster with which they are confronted.

I am sure that everyone understands that in spite of my optimistic remarks, I do not believe that we are yet out of the woods. The situations which I have cited are only indications; none of them is decisive in itself. The danger which confronts us is as great as ever, and the problems which we have to solve are challenging. The fact remains, however, that this year we can point to significant favorable results of the policy which we have continued so long and which has been so costly to us.

In previous years, in defending the mutual security legislation on the floor of the House, the primary argument in its support was merely that it made sense. Most people agree that the only argument the Soviet Union understands is strength; therefore, it is essential that the United States do all it can to build strength. It has been clear, also, that if the resources of Europe, Asia, and Africa were lost to the Soviet Union, the United States would be significantly weakened and the power of the Soviet Union would be very much greater as a consequence. It made good sense also that the United States should have bases in various locations throughout the world from which defensive action against Soviet aggression could be taken. It has always been clear that we could not have such bases unless we had the organized support of the nations where the bases are located in carrying out a common effort. Further it has made good sense to have the forces of other nations organized, armed, and equipped in order to meet a Soviet attack. The only possible way of attaining this objective was for us to contribute substantially to this end.

As I have said, the logic of this argument has been stated many times and has been accepted by the overwhelming majority of the American people. This afternoon it is possible, however, to say that this logic has been put to the test in a number of important instances, and the results of these tests are favorable.

Mr. Chairman, I propose to devote most of my time this afternoon to certain questions which I am sure exist in the minds of many Members of the House in connection with this bill. I want to touch briefly on four principal matters: First, why are we authorizing more money this year than we last year appropriated? Second, why are we providing so much of what is commonly called economic aid? Third, why do we

authorize so much new money when there is so much carryover? And, fourth, why do we give money to countries like Yugoslavia and India, who do not seem to be firmly committed to our side?

Let me begin with the fact that we are authorizing more money for fiscal 1956 than was appropriated for fiscal 1955. I think that, for more than any other reason, the answer is this. We have an enormous worldwide program underway which is beginning to pay off, and we want to keep it going. The important point is that the program is organized, and it is in operation. As a result, the choices as to its structure and its magnitude have already been made.

There is a certain analogy in considering the fuel requirements of a launch as compared to an ocean liner. There is no question but that the foreign-aid program we have is on the scale of an ocean liner rather than a motorboat. This fact limits our maneuverability. This year we have better evidence than ever before that the program we have developed is working. There are undoubtedly some who believe that it should have been developed on a motorboat scale. If we try today, however, to redesign and reconstruct the program in this way, it would mean cutting out major types of aid and leaving out major areas of the world.

Such a course would seem to be dangerous when the evidence we have points to the fact that the operation is working. One thing is very clear: an ocean liner has to have more fuel than a motorboat, or it won't run. There is nothing more futile than providing funds on a motorboat scale for this program.

I would like to remind the Members of the House in this connection that a foreign-aid program is a new development in the field of foreign policy. No country ever tried it before. The principles of foreign policy which our European ancestors developed over a period of centuries do not give us too much guidance as to how such a program should be run. We learn a little more how to do it each year. It is very possible that some time in the future we will find that we have been spending millions to accomplish results that could have been accomplished with thousands. The fact remains that on the basis of what we know today, the present program is the best we know how to develop. We know further that it will not work unless we provide the funds necessary to keep it going.

One further point: I do not believe that there are many in this House or among the American people who believe that we can cut down on our foreign-aid program because the danger is diminishing so that we can relax. Personally, I have encountered no American who has any illusions about the significance of the present Soviet line. Evidence that this belief is supported by most Americans, I think, can be found in the fact that our national-defense appropriation for fiscal 1956 will be about \$2 billion higher than it was last year. We all know that we must continue to strengthen our own military forces in spite of the peace talk that we hear everywhere. Those who believe, as I am sure most of



us do, that the mutual-security program promotes the security of the United States, recognize the necessity of maintaining it while the danger continues.

Next I want to refer to the question of why there is so much of what people commonly refer to as economic aid in this bill. The actual authorization for military assistance for fiscal 1956 is \$1,133,000,000. The total nonmilitary authorization is \$2,152,800,000. It is not at all uncommon to hear the argument made that supplying guns and tanks to foreign countries seems to make a certain amount of sense but that economic aid is a giveaway program which cannot be justified.

In the first place, it is important to recognize that nonmilitary assistance includes several different elements. Some forms of so-called economic aid are directly connected with military assistance and the justification is very much the same. Consider the situation in Formosa and that in Spain. On the island of Formosa there is a large Chinese army which is too big for a country of that size to support. The demand which such an army makes on the economy of that country tends to distort the entire economic structure. As long as the United States regards Formosa as being of strategic importance to us, and as long as we regard the Chinese forces there as being worth maintaining, it is essential that we contribute to the support of the Formosan economy. We cannot have stronger forces there if the general population is hungry or if there is widespread unemployment and discontent.

The situation in Spain is similar. The strategic importance of Spain to the United States is apparent to everyone. We have already embarked on a large-scale program for the construction of air and naval bases in that country. We are committed to strengthen the Spanish military forces. From an economic point of view, Spain is in a bad way. Spain is not rich in natural resources at best. Her capital equipment has run down continuously since the days of the Spanish revolution before the war. It is essential that aid be given to Spain for rebuilding transportation facilities, providing capital equipment, and improving the standard of living for that country if the United States military program in Spain is to be successful.

We are giving a very substantial amount of nonmilitary aid to countries which do not have military programs. We recognize, however, that these countries are important in the world struggle against communism. The danger in most of them, however, is not from armed attack. The problem in so many of the newer nations and underdeveloped areas of the world is that of subversion. The United States can never afford to forget that the Soviet leaders are the acknowledged masters of the techniques of conquest by infiltration and subversion. They prefer to make their conquests in that way. They are focusing their efforts in areas where there is unrest among people who believe that they have been unjustly denied the better things of life.

The United States has to recognize also that the Communists will always be able to talk better than we will. It is easy to make promises and it is easy to use slogans and arguments which have appeal when it is possible to disregard the truth. The only way we know of preventing the people in many parts of the world from viewing the situation entirely through Communist eyes is for us to demonstrate through our deeds primarily that there are better alternatives than those offered by Moscow.

A major reason why the nonmilitary aid is relatively large in the 1956 program is the shift of emphasis of the entire program from Europe toward Asia. Actually, the only nonmilitary aid planned for Europe in the year to come will go to Spain, Yugoslavia, the city of Berlin, and a small—\$5 million—program of technical assistance for all Europe. None of the countries which originally participated in the Marshall plan are to receive any economic assistance at all. In Asia, on the other hand, we are attempting to provide all the direct military assistance that can possibly be used, but we recognize that in this area there is not yet a military structure in existence which can be built up and equipped on a large scale or in a short time. Our biggest problem, therefore, is that of subversion, and our major effort must be in the direction of helping people develop their own resources and raise their living standards.

I want next to devote a few minutes to the matter of carryover of funds and unexpended balances. The latest and best estimate that I have, and this was submitted only a few days ago, is that on June 30, next Thursday, there will be \$8,717,100,000 unexpended of funds already appropriated for the mutual security program. On this same date there will be a total of \$670 million unobligated and unreserved. These are enormous amounts and I can understand why the question is so often asked: Why then do we need more money?

Let me refer first to the matter of the unexpended balances. Of the total that I gave of eight-billion-seven-hundred-odd million dollars as being unexpended, \$8 billion is already obligated or reserved. That means that \$8 billion of this total has been committed already to pay for airplanes, tanks, and weapons which are on order. There is a further factor in the case of foreign-aid spending which is not present when the United States makes appropriations for its own procurement. This arises from the fact that this money is already programed and committed to other nations; that is, in our defense plans for Europe, Asia, and other parts of the world, we have told the individual countries that if they would raise so many divisions, build so many airfields, or train so many pilots, we would deliver to them so many items of equipment, so many planes, and so forth. I want to make clear that these are not legal commitments which it is impossible for us to get out of. All such agreements have been made with the understanding that United States action is subject to the will of Congress. I merely want to emphasize the point that the \$8 billion that is unexpended but

obligated has very definite strings attached to it, not only in terms of contracts and other arrangements with suppliers but also in terms of agreements with nations whose own defense plans are tied to the delivery of military equipment on schedule.

There is no question but that what nations actually will receive in the form of weapons, equipment, airplanes, and so forth will be financed almost entirely from these unexpended funds which I am talking about. Very few of the 1956 requirements will be financed with the funds authorized in this bill. Most of these funds go to supply nations after 1956. The best available indication of how these unexpended funds will be used is shown on page 11 of the committee report, where there is a short table showing the distribution of these funds by geographic areas. The total shown on that page is less than the one I have just given you because it is based on an earlier estimate.

Let me point out to the House that there is a good deal of dissatisfaction with the situation reflected by this \$8 billion of unexpended funds. The Appropriations Committee, which knows much more about such matters than I do, has explored the matter rather thoroughly and is dissatisfied with what it has found. I believe it is generally agreed that an \$8 billion unexpended balance is too large for this program, and the Committee on Foreign Affairs was informed by the Honorable Struve Hensel, Assistant Secretary of Defense, that this balance should and would be worked down to a lower level in the next year. I am aware also that the Appropriations Committee has required a number of changes in procedure to improve this situation which will undoubtedly be effective.

My point is that I am not able to defend the magnitude of the \$8.7 billion unexpended balance figure. I have every reason to think it is too large.

I do say, however, that this \$8 billion fund is not just lying in the bank waiting to be spent; it is pretty much already committed. I say further that if the mutual security program is to continue to operate, we have to feed some new money into it each year. The Defense Department in submitting its request for funds to the committee did not bring in this year a long list of programs of guns, ammunition, tanks, and airplanes for individual countries; instead, the Defense Department recognized that the immediate requirements of the armed forces of these countries were already covered in these unexpended funds to which I have referred. The Defense Department did, however, point out that the United States has already entered into commitments with other governments, which require additional financing, and that current funds have to be authorized for training costs, administrative expenses, spare parts and maintenance.

The situation which confronted the committee and which confronts the Congress today is that we have an enormous military-aid program in the works. \$8 billion has already been committed for this purpose. This \$8 billion, however,



has strings attached to it. In addition to this program that is already in the works, there are additional commitments that require funds. These commitments have been entered into with other nations as a result of their committing themselves to call up manpower, to build bases or permit us to build bases, and so forth. At the same time the United States must continue to supply substantial amounts of spare parts and maintenance equipment each year. The tanks, the planes, and the electronic equipment are for the most part only manufactured here, and it is unlikely that the spare parts and other equipment for these items will be obtainable for some years to come from any other source. In addition, the training costs and the administrative expenses of the program are financed on a year-to-year basis. The funds must be provided or the program stops.

The matter of the unobligated and unreserved balances presents a different problem. You will recall that I stated a moment ago that the latest estimate is that there will be \$670 million of such unobligated funds.

When the committee began its consideration of the foreign-aid bill this year, we were told that the estimated unobligated balance at the end of the current fiscal year would be \$100 million. Then about the middle of June after the Senate had included in its bill a limitation that no more than \$200 million of unobligated balances could be carried over into fiscal 1956, we were informed that the unobligated balance would exceed \$200 million so that the Senate requirement would involve a substantial cut in military funds. Finally, on June 21, the day before the Foreign Affairs Committee completed its markup of the present bill, we received word that the estimated unobligated balance on June 30 would be \$670 million.

I am aware that there are certain technical reasons why this situation occurred. The rules governing the process of obligation of funds were changed this year by the appropriations legislation, and this has interfered with operations in the Pentagon. The Appropriations Committee knows all about the significance of these changes and is in a position to make the necessary adjustments when it passes on the appropriation for this program.

I do know this, however, that if we had known when our basic work on the military aid authorization was being done that over \$600 million of unobligated funds were going to be carried over into fiscal 1956, our authorizations would have been different. Consequently the committee has retained the Senate amendment limiting the unobligated carryover to \$200 million, since it was impossible for us to redo our work in the light of the new evidence that came to us at the very end of our consideration of the bill.

We must not lose sight, however, of the fact that we have a going program in operation. Each year we have to put in some new money in spite of the fact that there is old money in the pipeline. The authorization in this bill has been carefully considered and represents the

best judgment which the committee could make as to what the proper amount this year should be.

Perhaps the most troublesome aspect of this bill to many people is the fact that it authorizes assistance to Yugoslavia and to India. I suppose that every Member of this House has asked himself why we should continue to supply assistance to these countries when their leaders perform as they do.

The answer is a simple one. The only objective that the United States has toward each of these countries is that it remain free. Neither country is in a position to do very much for the United States. If either of them applied for statehood, we would in all probability regard it as a liability rather than an asset. Their resources are limited; their standard of living is low. It is not nearly as important to us that they join anything as that they refrain from joining with the Soviet Union or falling under its influence.

In the case of Yugoslavia, we have to recognize that it occupies an important strategic location from a military point of view. If that country were occupied by Soviet forces, the defense of Italy, Greece and Austria would be much more difficult than otherwise. We have to consider also that Yugoslavia has a very great symbolic significance, particularly to the other Balkan nations which now lie behind the Iron Curtain. The fact that Marshal Tito has been able to follow a course of defection and get away with it gives constant encouragement to dissident elements in those countries which may some day bear fruit.

I believe that Marshal Tito in merely following his own selfish interests will take action that will benefit the United States. If he is ready to defend his country against invasion to the last man, it seems to me that that is all we could ask him to do. I would like to point out, moreover, that in all probability he knows too much about the Soviet Union, its policies and its techniques of subversion to join up again with them. What has he to gain? I do not believe that he wants to invite the Soviet spies, saboteurs and assassins back into his country. He knows from first-hand experience that Russia is not a land of milk and honey, where great economic benefits will automatically flow to his nation if he casts his lot with the Soviet Union. It seems clear to me that Tito will definitely be better off if he remains independent, and it is clear to me that he needs United States aid if he is to do so.

I want to make it clear that I am not in any way endorsing the Tito regime or the way in which our own aid program has been administered in Yugoslavia. I wholeheartedly concur in this statement, contained in the committee report:

The committee gave special consideration to the situation in Yugoslavia and explored carefully the question of continuing assistance to that country. The committee reached the conclusion that no specific limitations should be imposed on the supplying of aid to that country. Testimony disclosed, however, that the Yugoslav Government has not been fully cooperative in carrying out the requirement of the Mutual Security Act that United States representatives be permitted "continuous observation and review"

of the use made of equipment supplied by the United States.

The provisions of the law are clear in this respect and the committee believes that United States officials responsible for the administration of the mutual assistance program have not been sufficiently insistent that the Government of Yugoslavia live up to the terms of its agreements. The committee has refrained from including in the bill legislative restrictions on further assistance to Yugoslavia only because it is confident that henceforth the letter and the spirit of the law will be carefully observed.

Now in reference to India, let me say that I believe that Mr. Nehru and the overwhelming majority of the people of India want to remain free. I dislike Nehru's talk and actions as much as anyone can. During my service at the United Nations 2 years ago I was in daily contact with Mr. Krishna Menon, who is one of Mr. Nehru's principal advisers. Mr. Menon deliberately opposed and insulted the United States whenever possible, and never failed to support the proposals of the Soviet Union. Nevertheless, I am convinced that Menon does not speak for the majority of officials and the rank and file of India. I do not believe that Nehru plans to lead his country into the Communist camp.

The danger in India is subversion. The opportunity for subversion will come if that country fails to bring better things to its people. It has been possible for many years for the people of India to blame their unfortunate lot upon the British. Now the British are gone. They are finding that the task of raising the standard of living of the masses of that very large country is enormously difficult and complex. If they cannot show results, the people of India will have the strongest incentive to listen to the voice of Moscow as pointing the way to the attainment of the things which they desire.

I believe it is in our interest to help. We may be better off if Nehru prefers not to ally himself with us or enter into other formal commitments to us. The important thing is that India does not fall under Russian domination.

Mr. Chairman, let me remind you in closing the situation which confronts us. I concede that this authorization involves a large sum of money and that it imposes a very heavy burden on the American people. Let us keep in mind that the United States has appropriated since the war \$344 billion for our own defense.

The United States military expenditures alone for World War II were 290 billion. One unofficial estimate from the Pentagon places as the military cost to the United States of the Korean war at \$18 billion.

Everyone here will agree that the \$50 billion we have spent on foreign aid since World War II will not have been wasted if it prevents world war III. As we meet this afternoon we can see scattered indications that the program is beginning to produce the results which it advocates have always anticipated.

Let us not do anything today which may prevent the program from working as it should.

Now in general terms that is the program. As we go along there will be some



differences of opinion, but I am confident this House in the long run will not seriously hurt this bill.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield.

Mr. GROSS. First I want to commend the gentleman for the wise choice of words that he used in his opening remarks when he called this "so-called mutual security bill." I appreciate the so-called mutual security.

The CHAIRMAN. The time of the gentleman from South Carolina has again expired.

Mr. RICHARDS. I yield myself 2 additional minutes.

It has been called the Marshall plan, mutual security, foreign aid—I do not care what the gentleman likes best. I like to satisfy the gentleman.

Mr. GROSS. I do not like any of those sugar-coated titles. The gentleman can have them.

Mr. RICHARDS. I know you do not.

Mr. GROSS. I have been troubled about this direct force support, military assistance, economic aid, and so on. Will you tell us how you separate economic aid from defense support or direct forces support?

Mr. RICHARDS. I tried to do that. Military assistance as such is the end item, such as guns, and munitions that the Army has to have. Direct forces support goes directly to the armed services of the recipient countries and includes gasoline, copper for shells, machinery for government arsenals and so forth. Defense support is economic aid to keep up the military establishments, which cannot afford to use so much of their manpower and capital for defense if they did not have our help.

Mr. GROSS. Then, what is economic aid? Where does that fit into the picture?

Mr. RICHARDS. All of that is economic aid.

Mr. GROSS. That is what I thought.

Mr. RICHARDS. It is economic aid, but it has an entirely different purpose than the Marshall plan originally had. The program started as a recovery program. It is now a defense program. Everyone agrees that Europe has recovered. The trouble with Europe now is that without our help in a few countries their defense effort would decline.

There is old-fashioned economic aid for Asia and Africa in the boon of development assistance. These countries do not have defense programs, but we give aid to try to keep the Communists from taking them over.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield.

Mr. JUDD. As a matter of fact, is not the truth the reverse of what the gentleman from Iowa [Mr. GROSS] said? Practically all of it used to come in under the heading of economic aid. Now it is broken down into different categories so that nothing will be disguised. It is more specific under the present bill than before.

Mr. RICHARDS. That is right. We use these terms to avoid fooling anybody.

Mr. GROSS. But under "defense support" you are fooling or misleading again.

Mr. JUDD. No. It is aid that goes to a country to enable it to support the military establishment, which our own military people believe that country must have if it is to make its full contribution to our mutual defense.

The CHAIRMAN. The time of the gentleman has again expired.

Mr. GAVIN. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] One hundred and one Members are present, a quorum.

Mr. VORYS. Mr. Chairman, I yield myself 15 minutes.

The CHAIRMAN. The gentleman from Ohio is recognized.

Mr. VORYS. Mr. Chairman, this is a foreign policy bill. It does not appropriate a dime, but determines policies. We will have an appropriation bill on this program in a few days, when we can decide on how much money to spend on these policies.

This is the bill where the House has its chance to implement the foreign policies of President Eisenhower or to wreck them.

I think before we get into the details of this bill a general review of what it is about might be helpful.

This bill carries forward the law that last year replaced 14 different acts, but this is still a package bill that covers all of the programs and policies that were in those acts, covers all areas of the world and involves our relations with the United Nations and with regional organizations such as NATO, the Organization of American States in the Western Hemisphere, the Southeast Asia Treaty Organization in Asia; it covers the whole world.

There has been talk about how much of it is economic aid. Let us remember that as far as the United States taxpayer is concerned all of it is economic aid, the whole \$3,285,000,000 is economic dollars. It is true that \$1,133,000,000 is spent for military hardware and training.

It is true that \$2,472,000,000 is spent in support of military purposes. But if you want to fuss about words, all of it is economic aid, but you should also remember that all of it is needed because of the security interests of the United States.

To show what I mean by saying that military aid is dollar aid, consider the reimbursable military aid provided in this program. Up to April 30, \$843 million in military weapons have been purchased from us. Canada, for instance, pays for all the weapons she obtains from us. If this reimbursable aid program could be expanded further we might get the weapons where we need them for mutual security without having to bear the dollar burden. Most of the countries, however, cannot afford to buy all the weapons they need. Hence they need dollar aid from us in obtaining these weapons.

In this bill, our target is a program for the whole world; and we are aiming

at a moving target, because the world situation is changing all the time. The figures we get in committee are out of date before we can bring them to the floor because the program is going on all the time, deliveries are being made, plans are being changed to meet events, and it will continue to go on unless and until we falter or fail.

It is interesting that under the Republican administration this statutory consolidation has taken place of the various parts of our foreign-aid program. I will speak a little later about the change in organization that has taken place.

It is also interesting and somewhat gratifying to me that the Republicans have been in power for 3 years and if we compare the previous 3 years of the Democratic administration beginning with fiscal 1952, we will find that the last 3 years of this program under Democratic administration involved appropriations to the extent of \$21,271,000,000. In the 3 years under the Republican administration the appropriations, including this present authorization, will total \$10,598,000,000, or a little less than half of the previous 3-year period. We are trying to get this thing down to size.

Here are the figures:

Fiscal year:	
1951-----	\$7,940,500,000
1952-----	7,328,900,000
1953-----	6,001,900,000
Total-----	21,271,300,000
Fiscal year:	
1954-----	4,531,500,000
1955-----	2,781,500,000
1956-----	3,285,800,000
Total-----	10,598,800,000

Our committee felt it was unnecessary to attempt to re-evaluate the fundamental principles involved in this program. However, my beloved brethren and sister in their minority views made some statements that cause me to think that perhaps some re-evaluation is needed.

They say:

This bill demonstrates a shocking lack of confidence in the fundamental principles which have made this Nation great.

They also say:

In the past we have urged what to us has seemed natural and logical—a thorough study, a reappraisal, a redefining of foreign policies, techniques and statutes concerned with the goal of international peace and security, which we all seek.

They also say:

The executive branch has not seen fit to do this before submitting this bill to the Congress.

In the hearings you will find the brilliant reevaluation of the program by Secretary Dulles, and a complete reevaluation by many other executive witnesses. Let me call your attention, however, to the message of the President of the United States sent up here on April 20, 1955. It is an interesting document because it states fundamental principles that have made our Nation great. It is not in the hearings or in the report because it has been distributed to every



Member and is in the RECORD, but it is available at the table and in your offices.

Here is what the President said in his revaluation of the fundamentals:

I consider the program an indispensable part of a realistic and enlightened national policy.

The fixed, unwavering objective of that policy is a just, prosperous, enduring peace. On this fundamental position we base our broad approach toward our world trade, our military alliances, our exchange of information and of persons, our partnership with free nations through the mutual security program. This partnership is rooted in the facts of economic and defense interdependence and also in the understanding and respect of each partner for the cultural and national aspirations of the other.

Then the President proceeded to a "study, reappraisal, and redefining of our policies, techniques, and statutes" in every area of the world.

Toward the end of his message the President had this to say:

The other free nations need the United States, and we need them, if all are to be secure. Here is a clear case of interwoven self-interest. The necessary expenditures to equip and maintain United States Armed Forces of air and land and sea at strategic points beyond our borders are never called aid. The necessary expenditures to enable other free nations associated with us to equip and maintain vital armed forces at these same strategic points beyond our borders should not be considered as aid. These, in fact, are defense-alliance expenditures clearly safeguarding in the most desirable manner, and at times in the only possible way, the security of the United States and of other free nations.

Mr. Chairman, we also had before us Admiral Radford, Chairman of the Joint Chiefs. We asked him about the security features of this bill.

Let me say in passing that we are in a very warm stage of the cold war. Recently an American was shot down off the coast of Alaska. Yesterday an American officer was in a plane shot down near Matsu by a plane reported to have had a Russian pilot. In December I flew high over Hokkaido in northern Japan and could see the Kurile Islands airstrip at Tofutsu which the Soviet MIG's used when they shot down an American B-29 over Japan. This is a rather hot cold war. Admiral Radford, appearing before us, said, page 239 of the hearings:

First of all, I would like to state that the military-aid program is part and parcel of the United States Defense Department program. The expenditures abroad in support of our alliances do not differ in purpose, scope, or objective from our own military expenditures. The fact that this part of our program is not included in the Defense Department budget is more a matter of procedure and administration than of substance.

In this connection, I can assure you that were it not for the strength which has been generated in the past 5 years by our allies and in most instances made possible by our aid programs, the requirements of our own programs would be much larger.

Then I asked him about where these forces were placed, and I commend Admiral Radford's full statement for your consideration. I said to Admiral Radford—see page 243 of the hearings:

Mr. VORYS. As I get it, if these forces are placed where we think they should be, we help equip them as we think they should be equipped, and thus they contribute to our security?

Admiral RADFORD. That is correct.

What about the economy to us of this sort of aid, call it military or not, which we furnish to our allies? Well, the cost of maintaining an average United States serviceman is \$5,900 a year, consisting of personnel cost, \$3,200, maintenance and operation \$2,700 per man, and excluding the cost of equipment, new construction, cost of items for Reserve components, and other items. The cost of an American abroad in the place where our security demands forces is \$5,900 a year without a gun in his hand. The cost to the United States taxpayer of a foreign serviceman as paid for in this bill is \$747 per serviceman. This means that we have someone placed where it is important in our security and armed, for a cost of \$747 per year, whereas it costs us to put one of our men there \$5,900 a year without a weapon in his hands.

Mr. JOHNSON of California. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield to the gentleman from California.

Mr. JOHNSON of California. It has been my privilege to visit almost every single military assistance group in the world. It started in 1950 and has continued almost up to the present time. And, I got a good impression of what those groups were doing; that they were really doing something for America. I would like to have the gentleman's appraisal: Does he think those groups are worthwhile and are they affording protection for the United States in our effort to bring about a peaceful world?

Mr. VORYS. They certainly are, and they are located in strategic places all over the world, surrounding our possible enemies.

Now, I mentioned that an organizational change was taking place. Next Thursday, June 30, FOA goes out of existence as an independent organization and goes into the State Department under Hon. John B. Hollister, from Cincinnati, Ohio, former law partner of our beloved Senator Taft, a man who served with President Hoover in overseas work and who has served as the executive officer of the Hoover task forces in their most recent studies. He is, of course, giving the whole program a new look. We found throughout the hearings that in the Defense Department they are giving the military program a new look. The joint force goals are being reviewed to see whether they are realistic in view of the present situation. I think, therefore, we can feel safe in going ahead with this program. It is in the process of being made increasingly realistic and effective.

Now, it has been mentioned that I am particularly interested in the matter of having as much of this program as possible in the form of loans. That is true.

Everyone agrees that our foreign aid should not be a mere "giveaway" program; that we should plan to get value received in one way or another, for whatever we do. There is general theoretical

agreement with the proposal that our economic aid program should emphasize loans rather than grants, wherever possible. There is disagreement as to the best way to carry this out in practice.

Experience shows that the tendency will be to make grants, not loans, in administration. It is argued that a percentage limitation militates against the placement of a greater percentage of loans. The record does not sustain this argument, for wherever loans have been permitted but not required, few or none have been made. It is said that a percentage figure is interpreted by would-be recipients as a maximum loan figure, rather than a minimum. If our officials accept the interpretation of our laws made by other countries, rather than their own, Congress can correct this. If a minimum percentage figure is inconvenient administratively, a minimum fixed amount can be used. Both types of minimum requirements were made by Congress last year. A 30-percent requirement in title II—section 201—on development assistance, and an overall requirement of not less than \$200 million in loans—section 505. Neither of these requirements will apply to the amounts authorized in the committee bill this year. There is a requirement that 50 percent of the new \$200 million Asian development fund, be in loans—section 4187. This year's bill authorizes more economic aid than last year's appropriation. Thus, as economic aid goes up, required loans go down. I believe this tendency should be reversed.

#### THE RANDALL COMMISSION

My recommendations follow those of the Randall Commission, of which I was a member. This Commission studied and reported on the general possibilities of "Trade, Not Aid," and recommended that trade be increased, and economic aid decreased. Its recommendations as to trade have been generally accepted and acted upon by the administration and Congress. Its recommendations as to aid have apparently been forgotten.

The Randall report said:

The Commission recommends that economic aid on a grant basis should be terminated as soon as possible.

In cases where our security is importantly involved, the Commission believes that moderate grants-in-aid may serve the national interest of the United States.

The Commission recommends further that where support is needed to maintain military forces to conduct military operations connected with our own security beyond the economic capacity of a country to sustain, grants should be made, not loans. In other cases where substantial economic aid is necessary in the interest of the United States but cannot be obtained from private or international sources, loans should be made, not grants.

The President endorsed these recommendations of the Randall Commission in his message to the Congress on foreign economic policy of the United States last year, as follows:

I subscribe, therefore, to the principle that economic aid on a grant basis should be terminated as soon as possible, consistent with our national interest. In cases where support is needed to establish and equip military forces of other governments in the in-



terest of our mutual defense, and where this is beyond the economic capacity of another country, our aid should be in the form of grants. As recognized by the Commission, there may be some cases in which modest amounts of grant aid to underdeveloped countries will importantly serve the interest of security. I further agree that in other situations where the interest of the United States requires that dollars not otherwise available to a country should be provided, such support to the maximum extent appropriate should be in the form of loans rather than grants.

GOVERNMENT FOREIGN LOANS

It is often said that Government loans are the same as gifts, that they are never repaid, and always create hard feelings. Our postwar experience does not bear this out. Here is the record, according to Department of Commerce figures:

*Postwar loans by the United States to foreign countries*

Total credits-----	\$14, 147, 769, 000
Total principal collected--	3, 176, 216, 000
Total interest collected----	1, 331, 284, 000
Total-----	4, 507, 500, 000

Congress has required a series of loans in aid bills, largely through provisions originating in our committee. All of them were opposed by the executive branch. None of them were refused by the executive branch. All of the loans were accepted in other countries. None of the loans have been defaulted by any government. None of them have caused hard feelings.

Here is the series:  
*Loans required under ECA, MSA, and India wheat loan*

Original ECA Act (Public Law 472, 80th Cong.)----	\$1, 000, 000, 000
Loan to Spain (Public Law 759, 81st Cong.)-----	62, 500, 000
India Emergency Food Act of 1951( Public Law 48, 82d Cong.) -----	190, 000, 000
Mutual Security Act of 1951 (Public Law 165, 82d Cong.) (10 percent of ECA assistance) -----	335, 547, 000
Mutual Security Act of 1954 (Public Law 665, 83d Cong.)-----	1200, 000, 000
Total-----	1, 788, 047, 000

<sup>1</sup>Loans of \$194,500,000 have already been made under this requirement. Negotiations now in progress are expected to bring the total to the required amount.

Here is the status of the loans under the mutual security program as of December 31, 1954:

	Amount authorized	Interest collected	Principal repaid
Asia and Pacific-----	\$16, 500, 000	\$375, 000	
Europe-----	1, 419, 047, 000	70, 897, 000	\$278, 000
Indian wheat-----	190, 000, 000	11, 769, 000	
Spanish loan-----	62, 476, 000	3, 045, 000	
Deficiency materials-----	177, 201, 000	4, 642, 000	24, 631, 000
Total-----	1, 865, 224, 000	90, 728, 000	24, 909, 000

In 1948, when Congress enacted the first of the above loan requirements, by requiring \$1 billion of the Marshall plan money to be in loans, there were executive protests. We were told that these were "fuzzy" loans, Europe was "all loaned up," and that these aid loans would overburden the economies of the

recipient countries. Now that Europe has recovered so phenomenally with Marshall plan help, does anyone hear complaints that recovery was delayed by these loans? Is anyone claiming that these loans will never be repaid?

Last year, the executive position was that only \$100 million of the program should be in loans. Congress required \$200 million overall minimum and 30 percent of development assistance. The required minimums have all been loaned. No one is claiming that this crippled the program.

PROSPECT OF REPAYMENT

The above record, showing over \$4.5 billion collected on postwar loans, including over \$115 million on aid loans, would indicate that there is considerable prospect of repayment of these loans.

The Hoover Commission, in its report to Congress in May on overseas economic operations, said—recommendation 2 (f) :

Wherever assistance is necessary and there is no prospect of repayment of a loan the assistance should be in the form of an outright grant.

There will be general agreement on this, but who decides whether there is "prospect for repayment"? Bankers? Must aid loans be "bankable" loans?

In this country our Government has loaned billions to its citizens on projects that were not bankable. During the depression thousands of homes, farms, and businesses were saved in this way and the loans have been repaid, although "prospects for repayment" looked dim for a while.

The policy of making foreign-aid loans was first suggested to me by remarks of former President Hoover in 1947, after he had finished his survey of relief needs for President Truman. He urged that we should not make outright gifts of our aid, but should always require an obligation from the recipient. He first suggested the counterpart device, which was written into a relief bill on the floor, over administration opposition, and has been extremely useful ever since. As to loans, he pointed out that, even though "prospect for repayment" was not bright, there were two great psychological differences between loans and grants: First, a person asking for a loan tries to make his proposition as good as possible, but someone asking for a grant tries to make his condition look as bad as possible, so he will not be asked to repay; second, a person asking for a loan knows that he might have to repay it, and therefore asks for as little as possible, whereas someone asking for a grant asks for as much as possible.

Experience since then has shown that this same psychology applies to nations, and that nations, like individuals, tend to repay nonbankable loans.

DEVELOPMENT ASSISTANCE

In recent years we have started a new type of assistance, which is not relief, not military aid, not for war recovery, not mere technical assistance. Development assistance means substantial economic aid to nations with which we have no mutual-security agreements. Congress provided last year that 30 percent of such

assistance should be in loans, and should end on June 30, 1955. Instead of winding up, \$382 million of such assistance is in this bill as follows: In title II, section 201, development assistance, \$182 million; in title IV, section 418, President's fund for Asian development, \$200 million.

The definition of "development assistance" is broad, the limitations are few, but, in general, the idea is that we help undeveloped countries to develop as free countries, raise their standards of living, develop their resources. They have among their resources vast amounts of critical and strategic materials.

On the other hand, we are rapidly becoming a have-not country in natural resources, especially in critical or strategic materials, as shown time and again in our hearings this year.

If we furnish development assistance in loans repayable, not next year but over 10, 20, or 30 years, we will be helping these countries when they need help, and they can pay us back when we need help, in raw materials from the resources we helped them develop.

Mr. WINSTEAD. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield to the gentleman from Mississippi.

Mr. WINSTEAD. If I understood the gentleman correctly, the gentleman showed figures there for the expenditure of military personnel in some of the other countries amounting to about one-fifth of what it would be in this country to maintain a soldier.

Mr. VORYS. Yes; I think less than that.

Mr. WINSTEAD. Per soldier in the foreign country, as compared with the cost of maintaining one in this country?

Mr. VORYS. Yes.

Mr. MORANO. It is about one-seventh.

Mr. VORYS. It is about one-eighth. If the gentleman will refer to page 243 he will see that the average cost ratio is approximately 8 to 1.

Mr. WINSTEAD. Eight to one. And is it not true that 1 American soldier would be worth 100 of most of those the gentleman talks about? This argument is used on the floor of this House year after year to show that this foreign-aid program is largely a military program for the security of this country.

Mr. VORYS. I think that in all modesty and realism we should appreciate that while we feel the American soldier is the best in the world, those of us who in various wars have fought against some of our opponents have found that there are some mighty good men in other forces. Those who fought recently in Korea had the highest praise for the individual ROK.

The CHAIRMAN. The time of the gentleman has expired.

Mr. RICHARDS. Mr. Chairman, I yield 5 minutes to the gentleman from Wisconsin [Mr. ZABLOCKI].

Mr. ZABLOCKI. Mr. Chairman, I wish to join the distinguished chairman of the Committee on Foreign Affairs [Mr. RICHARDS] and my colleagues of the committee in urging speedy and favorable action on the mutual security legislation before us. I want to reassure the



House that the legislation has received thorough and conscientious study in our committee. Each section of the bill has been gone over carefully and every effort has been made to eliminate all expenditures and other provisions which are not of vital importance to the program. The committee worked on this bill many days and stayed late in session, several days into the late hours of the night.

We earnestly believe that the resultant piece of legislation is sound and conservative. There will be many arguments made that we ought to discontinue aid in some areas of the world. Amendments no doubt will be offered to discontinue the \$200 million authorization for the President's Special Fund, as well as the continuance of aid to India.

I should like to refer the Members of the House to the committee report, because I think in the report we state more adequately, more concisely, why assistance should be continued to India, and why the \$200 million authorization fund for Asia, the President's Special Fund, should be approved.

On page 19 of the report we find this committee statement:

Before the committee reached a decision on further assistance to India, it carefully considered the effects of such assistance not alone on India but in the larger context of our Asian policy. It is clear that India's foreign policy is often divergent from that which the United States pursues. The committee believes that neutral or even hostile expressions by Indian Government leaders must not obscure the fact that our stake is in the preservation of the Indian subcontinent as an independent state.

Mr. GAVIN. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] Eighty-three Members are present, not a quorum.

The Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 101]

Barden	Green, Pa.	Moulder
Bass, N. H.	Gubser	Mumma
Bell	Holt	O'Konski
Bolton,	Horan	Polk
Oliver P.	Jackson	Powell
Boykin	James	Prouty
Buckley	Kearney	Quigley
Burdick	Kearns	Reece, Tenn.
Canfield	Keating	Reed, Ill.
Celler	Kilburn	Reed, N. Y.
Chatham	Knox	Rivers
Clevenger	Knutson	St. George
Cooley	McDowell	Scherer
Davis, Tenn.	McGregor	Simpson, Pa.
Dingell	McMillan	Thomson, Wyo.
Doyle	Mack, Ill.	Vursell
Eberharter	Mason	Wharton
Ellsworth	Meador	Wier
Frelinghuysen	Morrison	Wilson, Calif.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. COOPER, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill, S. 2090, and finding itself without a quorum, he had directed the roll to be called when 377 Members responded to their names, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

Mr. ZABLOCKI. Mr. Chairman, I repeat that the Committee on Foreign Affairs, anticipating the opposition to continuation of assistance to India and opposition to the President's special fund of \$200 million for the Asiatic area, made a careful study as to what effect such assistance will have.

Just before the point of order, I called to the attention of the membership to page 19, of the report of our Committee on Foreign Affairs, wherein the committee further stated that it believes that our assistance to India as elsewhere in the free world is directed toward strengthening the democratic base of government.

Mr. SIEMINSKI. Mr. Chairman, will the gentleman yield?

Mr. ZABLOCKI. I yield to the gentleman from New Jersey.

Mr. SIEMINSKI. Has the gentleman read the editorial in today's Washington Post entitled "Our Independent Friends"?

Mr. ZABLOCKI. It has been called to my attention; yes.

Mr. SIEMINSKI. I think it is a splendid editorial. It commends the Committee on Foreign Affairs for its judgment in clarifying the criticism on Yugoslavia and India, and it is my intention at the proper time to ask unanimous consent to have the editorial appear at this point in the RECORD:

#### OUR INDEPENDENT FRIENDS

The House Foreign Affairs Committee used good judgment in qualifying its criticism of Yugoslavia in the report on the foreign aid bill. Deliberate attempts to frustrate full observation of the use of American military equipment of course must be called to account. But it is the feeling of some American experts that any lack of cooperation by Yugoslavia has been more the fault of bureaucratic indifference in lower echelons than of conscious policy. The House committee refrained from writing restrictions into the bill because it is "confident that henceforth the letter and the spirit of the law will be carefully observed."

This is a proper response. The United States has every right to insist that it know what is done with the military equipment it furnishes. At the same time, some caution on the part of Yugoslavia is at least understandable. One reason for the 1948 break with the Soviet Union was the degree of control the Russians tried to exercise over the Yugoslav army. It is not illogical that the Yugoslavs should be wary of anything that might smack of similar control by the United States. Of course that is not our intention; but suspicion and misunderstandings may easily arise.

Fortunately, Yugoslav officials reportedly have been anxious to remedy individual complaints. So long as this attitude exists aid to Yugoslavia is a good risk. The reason the United States undertook aid in the first place was not because it approved of Yugoslavia's political or economic system, but because Yugoslav independence from the Soviet bloc and willingness to fight against any Soviet aggression serve the free world cause.

The same basic consideration governs economic assistance to India which the committee also approved in full. The committee wisely avoided making agreement the test of aid. It recognized that although Indian foreign policy often is widely divergent from American policy, "neutral or even hostile expressions by Indian government

leaders must not obscure the fact that our stake is in the preservation of the Indian subcontinent as an independent state." What is essential is to help the democratic base of government succeed.

This is an enlightened formula. Relations between India and the United States are improving as each country comes to respect more the other's individualism and motivations. Misgivings over Prime Minister Nehru's statements in Moscow—which, by the way, were a good bit more restrained than they might have been—ought not to cloud the basic point. An independent India and an independent Yugoslavia determined to remain that way meet the essential test for aid. We hope the full House will show similar understanding and forbearance when it votes on the aid bill this week.

Mr. ZABLOCKI. I thank the gentleman.

We must remember that India is a country adjacent to China, and though its leaders may not entirely follow the policy that we would like them to follow, nevertheless, if India fails, so much more important will Communist China appear to the other countries in that area of the world. I do hope, therefore, that those who are opposing assistance to some of the countries in that area of the world will carefully read the committee's report.

As was so adequately pointed out by our esteemed chairman of the committee the gentleman from South Carolina [Mr. RICHARDS] and the gentleman from Ohio [Mr. VORYS], the mutual security authorization proposed in this bill is smaller than any considered by this House during the past 10 years, yet it is a very vital authorization because it will bring us more in terms of national security and economic well-being than a similar amount spent for any other purpose.

The principles on which the mutual security program is based have been studied, reviewed, and approved by this House on a number of previous occasions, and these very principles are embodied in the bill before us. They may be summarized in a very few words.

Through the mutual security program we solidify and strengthen our collective defense against aggression, against war. Through this program we bring modern weapons and training to the armed forces of our allies.

Mr. O'NEILL. Mr. Chairman, will the gentleman yield?

Mr. ZABLOCKI. I yield to the gentleman from Massachusetts.

Mr. O'NEILL. I would like to inquire of the gentleman if in this bill there is any aid for the Peron government of Argentina. If there is, I hope to offer an amendment to strike it out. Could we spell into the RECORD whether or not there is any aid in this bill for Argentina?

Mr. ZABLOCKI. I can assure the gentleman there is no aid for Argentina, military defense support or economic.

Mr. O'NEILL. How about under title 3, economic aid?

Mr. ZABLOCKI. I just mentioned that there is not.

Mr. O'NEILL. Is there any possible way under title 1 in which Argentina would secure aid under this bill?



Mr. ZABLOCKI. It is my understanding that there is not.

Mr. O'NEILL. I thank the gentleman.

Mr. ZABLOCKI. There are over 30 nations with which we have mutual defense agreements. We thereby secure, for mutual defense, the strength of those nations determined to resist any totalitarian onslaught.

In addition, we safeguard our bases in friendly countries located thousands of miles from our shores. In the age of the guided missile, of the jet plane, and of nuclear weapons, the value of these overseas bases cannot be overestimated.

Finally, through the mutual security program we promote the economic strength of our own Nation, and of the friendly nations whose well-being and stability are of vital importance to us. Through this program, we assure a flow of resources essential to our economy, and to our Military Establishments. We must remember that we are dependent on imports for 100 percent of our natural rubber, 100 percent of our tin, 99 percent of our chromite, 95 percent of our manganese, 72 percent of our tungsten, and for many other vital natural resources.

These advantages accrue to us for a small fraction of what it would cost us to provide an equivalent degree of security by building up our own armies, our own resources. This is an important point that we must bear in mind. Through this program, we obtain, at small cost, a great degree of security.

This is an important point that we must bear in mind, that we are dependent upon other countries of the world; that we are not self-sustaining and we are not self-sufficient in many of these items, and through this program, therefore, we obtain at a small cost a great deal of security. For these reasons, I earnestly hope that this bill will receive the careful consideration and the approval of this body.

The CHAIRMAN. The time of the gentleman has again expired.

Mr. VORYS. Mr. Chairman, I yield such time as he may desire to the distinguished chairman of our committee, the gentleman from Illinois [Mr. CHIPERFIELD].

(Mr. CHIPERFIELD asked and was given permission to revise and extend his remarks.)

Mr. CHIPERFIELD. Mr. Chairman, I favor the passage of S. 2090, a bill to amend the Mutual Security Act of 1954. The purpose of this bill is to continue the mutual-security program for another year. I believe we must do this.

There are indications that the mutual-security program and other related programs of our foreign policy are beginning to pay dividends.

In Europe the Western European Union is an accomplished fact. This includes an armed Western Germany which together with the other countries of the Union greatly strengthens the defense of Western Europe. The Austrian Treaty is also a reality. Military arrangements have been made with Spain. In general economic conditions in Europe have improved and strong defense forces have been established.

In the Near East new stability has been created in Iran and Egypt. There are military alliances between Pakistan, Turkey, and Greece which strengthens the defense of that area.

In the Far East there is an uneasy peace in Korea, Indochina, and the Formosa area. SEATO has also been created establishing a military alliance against aggression of the southeast Asian countries; also we have a treaty with Japan and a military alliance with Formosa. At the Bandung Conferences the free peoples of the Far East did not fall for the Communist line.

Guatemala has thrown out the Communist regime in Central America.

All these accomplishments and others have apparently forced Russia to realize the strong deterrent we have set up to resist aggression and bring about peace. This has caused the Communists, at least on the surface, to change their line of propaganda and methods.

We all know the meetings of the Big Four at the summit are to take place in a very short time. Our programs are apparently paying off now and this crucial period is no time to ease up on them. Exactly the reverse is true. We must continue the initiative we have gained and remain firm. At this critical time if we do not continue these affirmative programs it might reflect on the success or failure of the coming conferences. We must strengthen the hand of the President and Secretary Dulles at these meetings. The best way to do it is to pass this bill intact.

In this bill 39.6 percent is provided for the military defense assistance program, 9 percent for direct forces support, 28.3 percent for defense support, 4.7 percent for development assistance, 4.9 percent for technical cooperation, 5.7 percent for the President's fund for Asian economic development, 2.8 percent for the President's contingency fund, and 5 percent for other purposes.

When you exclude the military items, the greatest part of our aid will be allocated to Asia, 68.1 percent. Latin America would receive 2.5 percent, Europe 4.5 percent, Near East and Africa 14.5 percent, and nonregional areas 10.4 percent.

So the two large items are for military defense and economic aid. The latter is primarily for Asia and the Near East.

The military assistance in this bill was reduced by \$145 million. This in my opinion is justified because the bill contains an unallocated item for a similar amount which is simply a reserve fund set up for contingencies.

We have also increased the aid to Spain by \$22 million to facilitate her effort in constructing United States military bases in that strategic country.

We also provided that Greece should have the same amount in defense support as she had in 1955. This should enable her to keep her army at a level commensurate with NATO goals.

In Latin America we provided a fund of \$15 million to Guatemala to meet acute economic problems faced by the new anti-Communist government. This will enable Guatemala to get back to normalcy after the disastrous Communist regime.

I believe we should not cut aid at this time to Yugoslavia although I certainly do not agree with some of the actions of that government. In the committee report we warned that continued aid to Yugoslavia could not continue indefinitely until we had the full cooperation of that Government to permit full inspection of the aid we are giving them. A conference to accomplish this result has just been completed and indications are that compliance with our conditions will be met.

Certainly we of the free world do not believe in neutralists. On the other hand such a large country as India must not be driven into the hands of the Communists. The aid which we are giving to keep India on our side is of a negligible character compared to what we have at stake.

In my opinion if loan provisions are placed in this bill rather than grants they should be on a flexible basis so the administration can adjust its program to meet the varying conditions in the countries with which they are negotiating. Certainly I hope the administration will make loans rather than grants wherever possible.

The contingent fund the President is requesting for the Far East seems reasonable. The fluid conditions in those countries are changing rapidly and it would be unwise to try to work out a rigid program at this time. It would be much more to our interest to permit the President to meet emergency situations as they arise.

I have on previous occasions indicated I feel the point 4 program for rehabilitation of so-called backward countries should be continued and implemented. I do not know of any program from which we receive more benefit for as few dollars. However, we must be careful in its implementation that we confine it to its original purpose, namely, to help those countries to help themselves by giving them scientific knowledge and the know-how in the fields of education, agriculture, health, and sanitation. We should not permit these programs to grow into a worldwide WPA.

The President has said of the mutual-security program and its related policies:

The fixed, unwavering objective of that policy is a just, prosperous, enduring peace.

I agree thoroughly with the President's statement. Unless this policy is successful all other issues become inconsequential.

Our foreign policy has expanded to all parts of the world, involving us in tremendous economic and political problems, until the very existence of our Nation depends upon their correct solution.

If we should become involved in the holocaust of a worldwide war with its H-bomb, jet planes, and the mechanized weapons of modern warfare, not only the future of our Nation but even the world would be at stake.

It is a slow, tedious and expensive program that we have undertaken but I believe if we continue it will help to bring about the permanent peace and security that the United States and all the free world is so devotedly striving to accomplish.



Mr. VORYS. Mr. Chairman, I yield 10 minutes to the gentleman from Wisconsin [Mr. SMITH].

(Mr. SMITH of Wisconsin asked and was given permission to revise and extend his remarks.)

[Mr. SMITH of Wisconsin addressed the Committee. His remarks will appear hereafter in the Appendix.]

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. RICHARDS. Mr. Chairman, I yield 2 minutes to the gentleman from Pennsylvania [Mr. GAVIN].

(Mr. GAVIN asked and was given permission to revise and extend his remarks.)

Mr. GAVIN. Mr. Chairman, I want to call to the attention of the House that even though 4 hours are provided for general debate on this authorization bill I could not get 2 minutes on my side, and I had to go over to the Democratic side to get 2 minutes, and all I could get was the 2 minutes even though I doubt if they will use up all time available.

Mr. WILLIAMS of Mississippi. Mr. Chairman, will the gentleman yield?

Mr. GAVIN. I yield.

Mr. WILLIAMS of Mississippi. Time being so valuable to the gentleman, I think all of us should be here to hear him, and I make the point of order that a quorum is not present.

Mr. GAVIN. The gentleman's point is well taken. Thank you for consideration given.

The CHAIRMAN. The gentleman from Mississippi makes the point of order that a quorum is not present. The Chair will count. [After counting.] One hundred and twenty-three Members are present, a quorum.

Mr. GAVIN. Mr. Chairman, I merely want to call to the attention of the Members that when the postal increase pay bill was up, we argued for hours and days on 7.6 percent and 8.2 percent, and there were 10 or 12 or 14 or 16 million dollars involved, which would go into the pockets of the American postal workers. Most of the Members were on the floor at all times. It was politically expedient to be in attendance. They all knew there would be careful check on the legislation as it affected the voters back home. Hours were spent on it. It was fully debated. But here is a bill today authorizing assistance to the foreign countries of the world that involves \$3.5 billion, and yet we are unable to keep anything like a quorum on the floor of the House on this important authorization bill that will cost the American taxpayers billions of dollars. We quibble over a few million dollars for American postal workers, yet we complacently pass legislation involving billions of dollars with but little opportunity to debate the matter. In fact, I could get but 2 minutes to express my opinions. We have \$8.7 billion in the pipeline, which makes \$12.2 billion. A million dollars is a thousand thousand dollars, and a billion dollars is a thousand million dollars; and here is twelve thousand million dollars, and you have only a handful of Members on the floor of the House. I think this is a very important piece of legislation, and should be fully and carefully debated

and clearly understood. Certainly, if the American taxpayers were in the galleries I feel quite certain that legislation involving billions of dollars would be given more definite and careful consideration. To pass over—with a few hours of debate—an authorization bill involving this amount of money is something I cannot understand. If the American people knew it, they also would be amazed.

My position on this foreign spending for economic recovery is well known. I have been listening year after year, and year after year, to the statement that we are going to stop these programs of spending billions for economic aid, yet we come up this year again with \$3.5 billion, of which \$375 million goes for economic aid, \$172 million goes for technical cooperation, \$165 million goes for development assistance.

In my State we have distressed coal areas. Thousands of miners are unemployed in Pennsylvania and West Virginia. Do you think one could get consideration for the situation existing in Pennsylvania's coal areas. Do you think anybody would sit down and make the study and effort to develop a plan or program of Federal aid to help the distressed coal areas of Pennsylvania? No. But, here, inside of a couple of hours you will authorize an appropriation of \$3.5 billion even though you have available \$8,700,000,000 authorized but unexpended. There is also a debt of \$280 billion facing the American taxpayers today. Nobody talks about that even though the American taxpayer will eventually have to pay this bill. The American people have been sympathetic to the unfortunate people of the world for the past 10 years and it is time for foreign economic aid to be curtailed. Try to get some help for the people in your own back yard who are really in dire distress, and see how much you will get and how much attention and consideration will be given. I regret I have been given but 2 minutes as there is much I would like to add.

The CHAIRMAN. The time of the gentleman from Pennsylvania [Mr. GAVIN] has expired.

Mr. RICHARDS. Mr. Chairman, I yield 10 minutes to the gentlewoman from New York [Mrs. KELLY].

Mrs. KELLY of New York. Mr. Chairman, before I discuss the necessity for and the merits of the Mutual Security Act of 1955, I want to pay tribute to the chairman of the Committee on Foreign Affairs, Hon. JAMES P. RICHARDS. By his patience and courtesy to both witnesses before and to members of the committee, he has earned the high esteem and devotion of all of us. His keen sense of humor is always a welcomed aside. We are very proud not only to address him as Chairman, but as Judge, and now Doctor. I would like to make brief reference to the remarks of the previous speaker, my colleague from Wisconsin [Mr. SMITH] when he referred to the minority report. He quoted remarks from the Assistant Secretary for International Security, Mr. Hensel. Those remarks in that paragraph were in the hearing. Right after that paragraph there was a discussion

off the record, and then Mr. Hensel's remarks were returned to the public hearing. He at that time said that we were trying to do two things in that respect in order to make a somewhat short-range study to make certain we did not deliver items that would probably be unnecessary, pointing out that we were taking some risks, and so forth.

But in the real interpretation of his remarks I would say that he never questioned the need for this program. He only questioned that it is smart policy to always review the basic program of any administration. That has been the procedure over the years, and I am sure that it will be continued and that we will demand a review of all of our program.

I believe this legislation is essential, and it will be essential until a just peace is arrived at in this world. It is an essential part of our national policy, and was so stated by President Eisenhower on April 20 in his message to Congress in reporting to us the mutual security program. He said:

I consider the program an indispensable part of a realistic enlightened national policy.

He has also stated that the program reflects greatly improved conditions in Europe and provides for the critical needs of Asia.

Thus it is an admitted fact that the mutual security programs of the past have begun to show a return on our investment, and it is essential that this investment be continued, that the effectiveness of the past program be maintained. The effectiveness of this past program is well stated by Mr. Stassen, also in the hearings at page 53, where he emphasizes the improvement of the conditions in Europe at this time.

This is concrete proof to me that the foreign policy of the United States under the previous Democratic administration was sound and was built upon a firm foundation. It is from our vantage point of strength that the United States can now proceed, and the interest of the United States and the free world must be maintained. I trust that nothing we do or that I might attempt to do in this bill will weaken that position.

The Marshall plan was pointed up as an indispensable factor in contributing to free world strength. This you will find on page 50 of the hearings.

Furthermore, as many of my colleagues have already pointed out, the moral principles upon which our country is founded make it further essential that we assist those who are less fortunate.

And, finally, as my colleague from Wisconsin brought out so ably, it is most essential for the United States' economic stability in order to maintain our industrial capacity. The United States is the largest exporting nation in the world. In 1954 the exports ran to \$15,077,000,000. The imports were \$10,267,000,000. The imports reflect raw materials needed to maintain United States industry. He ably brought out also the fact that we are a 100-percent importer of the necessary raw materials needed to maintain our industry. These factors are also brought out in the hearings at page 60 and at page 58.



At this particular time I want to emphasize a few facts relative to Europe. Of the nonmilitary funds authorized in this program, only \$117 million, 5 percent of the total, is planned for Europe. As far as the military needs are concerned, they are not broken down by area or country, so that no indication of the proportion of these funds destined for Europe is possible; there is no way that we can tell at all today how much of the military authorization in this bill will ultimately be allocated to European countries.

The breakdown of this \$117 million nonmilitary aid is as follows: Spain, \$50 million; Yugoslavia, \$40,500,000; Berlin, \$20 million.

You will note that except for minor items for technical assistance none of the original Marshall plan countries is to receive nonmilitary aid.

In the case of Spain, we realize its strategic importance; and I also want to say that the Committee on Foreign Affairs included in the bill a provision that Spain is to get not less than \$50 million of defense support funds. Reports from Spain indicate that the United States has received the full cooperation of the Spanish Government and the Spanish people. The information from Spain is that our program there is going very well. There is no doubt of the necessity for additional assistance to the city of Berlin, this city isolated and surrounded as it is by the Iron Curtain.

As to Yugoslavia, I regret that there is this large item in the pending bill, but speaking from a military point of view, I want to say that this year, the past year, has shown the moneys that we have put into NATO defense has brought forth not the EDC plan of the past but a Western European union which will now make it possible for Germany to rearm.

It is true, as has been brought out by my colleague, that \$5 billion of unexpended funds from previous appropriations remain to be spent in providing military assistance to Europe, but these funds, it must be realized, are all programmed and a great deal of it—this is no secret—will go to assist the rearmament of Western Germany.

It is a source of great satisfaction to me that I can say that the mutual security program for Europe this year represents a tapering off of our efforts in that area. I share the optimism expressed by General Gruenther in his statement to the Committee on Foreign Affairs, which included this evaluation of the European situation:

To summarize, I think it fair to say that thanks to major efforts on the part of all the NATO allies, the free world is today operating from a position of strength which has already paid great dividends. To make the most effective possible use of that situation, we must under no circumstances permit a weakening or relaxation of our effort, for that would inevitably have the effect of reducing the effectiveness of what we have done to date. One important material factor in attaining this position—and in my view assuring that we will keep it—is the United States mutual security program, current appropriations for which you are not considering.

He goes on to say:

They recognize that the problem of the defense of the West will be solved together and in common or it will not be solved at all. Moreover, we now have a common concept for implementing that defense.

So, Mr. Chairman, I hope that the present legislation will be approved in order to maintain the present vantage point of free world unity and collective strength and hope. I also hope that nothing in this bill will hurt the appropriation or continuation of the program. The committee realized, as has been said, and recognizes the fact that we need to curtail the expenses of the United States; however, at the present time there is no practical alternative to us but to implement this program.

Mr. VORYS. Mr. Chairman, I yield 10 minutes to the gentleman from Iowa [Mr. GROSS].

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Chairman, this is without doubt the worst of the so-called, as the chairman of the committee well said, mutual assistance bills that we have had before us. I have contended in the past and I still contend that there is nothing mutual about these acts nor is there any particular security contained in them despite the fact that we have spent some \$60 billion since the end of World War II on various projects all over the world.

We have printed hearings before us today, but these hearings ought to carry a subtitle reading as follows: "Off the record discussion." If you will read these hearings you will get down to the payoff on an important question only to find that the committee has gone off the record and the reader is left completely unenlightened. But it is possible to find a few things worth noting in the hearings. What is still unclear to me, Mr. Chairman, is the necessity for these labels: defense support, direct forces support, military assistance, and then elsewhere, economic aid. Now, what is the difference? The gentleman from Minnesota, I find in the hearings, very properly called this one-package thing we have before us a blank check, but he said "I am in favor of it." And, of course, that is where the gentleman from Minnesota and I part company.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield but not for one of the gentleman's speeches that are often made when he is yielded to.

Mr. JUDD. I will just give you the first chapter. I was complimenting Mr. Hensel because he had frankly said that in previous years it had been the custom to present a so-called illustrative program to the committee, so many dollars for this specific purpose and so many dollars for that, right down to the last farthing. Then when they received the total amount, arrived at by adding the cost of all these projects, and started to use it, they would find that some of the proposals simply did not fit the situation and drastic changes had to be made. We always kicked about that later. So

he was perfectly honest with us and said, "We are not going to try to present such an illustrative program this year. We are asking you for about what we believe is needed and we can use effectively. The details will have to be worked out as we use it." It was then that I congratulated him on that forthright approach. "We know it amounts to almost a blank check. The control we have is by keeping your feet to the fire and your knowledge that when you come back next year you will have to justify the use of the funds given you before getting more."

Mr. GROSS. I thank the gentleman. I think the gentleman has had enough of my time. Let me read what the gentleman said on that occasion:

What it amounts to, in a sense, is that you will hereafter ask us to give you essentially a blank check, and the way we can exercise control is the knowledge in your department that when you come in the next year you will be put on the pan as to how the money was spent that we gave you.

They will be put on the pan all right, but it will be off the record. The gentleman further said:

I think that is a far better way to do it.

And, I say again, that is where I part company with the gentleman.

Now, coming back to these labels, the distinguished gentleman from South Carolina, the chairman of the committee, at one place in the hearings said that to him that, too, was a \$64 question; direct forces support, military assistance, defense support, and so on and so forth. He was apparently unable for a time to distinguish what the witnesses were talking about as between those labels and economic aid. I hope he has figured it out in his mind now, and if he can enlighten me, I will be glad to yield to him. What is the difference between defense support, direct-forces support, military assistance, and economic aid. I do not know. As I understand it, we are not now going to give economic aid to the so-called Marshall-plan countries. Is that correct? But we are going to give them military assistance. Is that correct?

Mr. RICHARDS. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield.

Mr. RICHARDS. That is correct. As to the original Marshall-plan countries, there will not be any economic aid except for \$5 million for technical exchange and for the city of Berlin, on account of the situation there.

Mr. GROSS. Yes; and that is due to the sellout at Yalta when Berlin was left an island of isolation.

Mr. RICHARDS. I will yield the gentleman 2 additional minutes if I take too much of his time.

The only other countries in Europe getting economic aid were not in the original Marshall plan. They are Yugoslavia, where there is a peculiar military and economic situation, and Spain. That is all.

Now, I tried to answer the gentleman's question which he asked awhile ago as to what is the difference between direct forces support and defense support and



economic aid. Certainly it is economic aid, but I tried to show the gentleman that direct forces support, while of an economic nature, is something directly that the military forces need to perform their functions, such as oil, tents, and materials for uniforms. That is economic aid. Now, defense support, true, is economic aid, but it is the kind of economic aid that is calculated to be necessary to keep up the military effort of a country. Now, this is the distinction. When the Marshall plan started, the purpose of economic aid was to put the countries on their feet economically. Military aid started later on. Marshall plan economic aid had no other purpose except to promote the recovery of the European countries after the war. We did not realize that we needed a military program at first. That is the way it is. I hope it is plain to the gentleman.

Mr. GROSS. In response to the gentleman, last year he talked about that old swamp owl down in South Carolina or Mississippi—I do not remember which—and it does not make any difference how thick or how thin you slice the meat off that old owl, it is still economic aid, is it not? If somebody were to take over the production of tanks in this country or the production of airplanes or aircraft carriers for this country, we would have more money to spend on the economy of this country, would we not?

Mr. RICHARDS. Certainly it is economic aid.

Mr. GROSS. Certainly it is. You bet your life it is.

Mr. RICHARDS. But it is also military aid.

Mr. GROSS. But you are saying that we no longer aid them economically.

Mr. RICHARDS. It is also military aid. It is military aid of an economic nature.

Mr. GROSS. But the illusion is created here that we are not giving them economic aid.

Mr. RICHARDS. The Committee on Foreign Affairs is not trying to create any illusions. We are trying to be absolutely plain about this matter and honest about it, about the carryover of funds and about what economic support is and what direct-forces support is and what military aid is. I am giving all the facts, to the best of my ability.

Mr. GROSS. Is it not true, too, that these unexpended balances, totaling \$8 to \$9 billion can be used for economic aid in these NATO countries, the funds which are in the handout pipeline, can be used that are not already obligated, for economic aid? Is it not true, even though there is no economic aid in this bill, that economic aid can be given to them through the use of unexpended funds in the pipeline?

Mr. RICHARDS. We have never authorized the use of unexpended funds for anything but their original purpose.

Mr. GROSS. Is it not possible to do that now, to give them economic aid through the use of the unexpended funds, from money that has already been authorized but is unexpended?

Mr. RICHARDS. If Congress says so.

Mr. GROSS. Only if Congress says so? The President has no authority over that?

Mr. RICHARDS. Not unless Congress has appropriated the money. And the Appropriations Committee has to approve every dollar of it before any of the funds can be spent.

Mr. GROSS. But under section 533 of the act that we approved last year, the President would have authority, would he not, to spend the funds in this bill or the carryover from last year in any way he sees fit?

Mr. RICHARDS. The only way they can spend the unexpended balances is by spending them for the same things they were originally authorized for unless Congress should specifically vote some other use. So far that has never happened.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. GROSS. Briefly.

Mr. JUDD. On pages 231 and 232 of the hearings, there is a full discussion of this whole question. We sought to have a clear breakdown of the various kinds of aid. While half of it is economic, part of that goes directly to armed forces for their use. That is, the commodities go into the hands or for the use of the soldiers in the countries aided. Other parts go to support of the general economy, and so forth.

If the gentleman wants further discussion and more detailed definitions—and not off the record—they are in this big book which sets out each kind of aid, broken down into categories and country by country. This book covers aid of all of the European countries and the Middle East and Africa. This other book covers all of the countries we are assisting in Latin America and the Far East. There are hundreds of pages of specific information here which is not off the record.

The CHAIRMAN. The time of the gentleman from Iowa [Mr. Gross] has expired.

Mr. RICHARDS. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. GROSS. Mr. Chairman, I would rather refer the Members of the House to the tables to be found on page 46 of the hearings, which show that only one other country in the world contributed of their national budgets to military buildups in 1954 as much as did the United States, which contributed 62.8 percent. As to all but one of our so-called allies, we have expended 3 to 4 times as much as they have.

In reference to the appropriation authorized in this bill for Yugoslavia, I suppose it is necessary to give them some \$36 million because they are going to need a lot of money if they keep on traveling over to Moscow and keep on entertaining delegations from the Kremlin in Belgrade. I suppose we ought to allot plenty of money in this bill for them.

Mr. GAVIN. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Pennsylvania.

Mr. GAVIN. If I may have the attention of the chairman of the committee, instead of pushing these 2 voluminous volumes at us, could the gentleman break down the \$8,717,000,000 authorized but unexpended so we will know where it is going, who is going to get it, and what it is going to be spent for? Nobody has the time to go through this kind of material. Could the gentleman give it to us item by item?

Mr. RICHARDS. If I had known that the gentleman was going to yield time in order to push that volume at me, I would not have yielded him time.

Mr. GAVIN. That is all right, but simplify it.

Mr. RICHARDS. I want to answer the gentleman's question. He will find on page 11 of the report a breakdown of the military-assistance program. I think that will answer the gentleman's question.

Mr. GAVIN. I am not talking about the military-assistance program; I am talking about the \$8,817,000,000 authorized but unexpended. I want to know what you are going to do with that.

Mr. RICHARDS. That is it right there, on page 11, which I have called to the gentleman's attention. That is the breakdown of the unexpended funds, nearly all of which are military, we had when the report was printed. They are the very thing the gentleman is talking about, \$7,779,000,000. That was the best figure which at that time could be furnished us. Since that time it amounts to over \$8 billion.

Mr. GAVIN. That economic aid to Europe is not going to stop, that is quite evident, because we have \$5,246,000,000 for that.

Mr. RICHARDS. The gentleman asked about military aid, eight billion dollars and something. This is the breakdown of the military aid.

Mr. JUDD. That is all planes and tanks and other implements of war, manufactured here to be shipped to them. That money goes to American producers, most of it does not go abroad.

Mr. GAVIN. It is for the defense of Europe?

Mr. JUDD. That is right.

Mr. GAVIN. Then why did the French take our equipment and ship it down to north Africa to fight the Arabs down there? Was the money expended for that particular purpose?

Mr. JUDD. No; but the part of north Africa they are shipping it to is a department of metropolitan France, just as much a part of France as any other province of mainland France.

Mr. RICHARDS. Mr. Chairman, I yield 1 minute to the gentleman from New York [Mr. Donovan].

Mr. DONOVAN. Mr. Chairman, I wish merely to point out to the gentleman from Iowa [Mr. Gross] that I did not observe him objecting particularly to the \$36.5 million for Yugoslavia. Am I correct in my assumption that the gentleman knows very well that practically all of that is surplus agricultural products?



Mr. GROSS. I would object to giving \$36 million to Yugoslavia. I object to the whole bill, period.

Mr. VORYS. Mr. Chairman, I yield 10 minutes to the gentlewoman from Ohio [Mrs. FRANCES P. BOLTON].

Mrs. FRANCES P. BOLTON. Mr. Chairman, I would like also to pay my little homage to my chairman. This session has brought very heavy responsibility to him with more difficulties than in any year that I have known. I want to compliment the distinguished gentleman from South Carolina [Mr. RICHARDS] on his patience, his tolerance, his understanding, and his delicious sense of humor. This last alone save many situations. It is a privilege to serve on his committee, just as it was a privilege to serve with him at the United Nations.

In the presentation of this bill, which is brought to the floor after exhaustive hearings and much study on the part of the members, both the chairman and my distinguished colleague from Ohio have given you a broad picture, and other members have brought out certain definite points.

I would like to bring to you certain other phases of S. 2090 which to my mind have a worldwide significance in our efforts to reestablish a climate long lost in which peace can grow. I am not attempting to give you a smooth presentation. Rather am I trying to fill in certain portion of the picture so that the total knowledge you glean will not be too arid. For instance, I would like to tell you about the Children's Fund. From a global long-range standpoint raising the children of today to be healthy, productive, and good citizens of tomorrow is a most important consideration in our total effort to achieve worldwide peace and economic stability. The attitudes people develop in their youth become completely ingrained and have a decided bearing on the will of the people to live in an atmosphere of peaceful productivity in the world community. Considerable progress has been made to date in improving the welfare of children. When we realize that two-thirds of the world's 900 million children lack adequate food and clothing and protection against disease, it make this work seem more than worthwhile.

It should be noted that UNICEF assistance no longer emphasizes the emergency handout. It works in a much more realistic fashion and it submits its programs to certain criteria.

First. The Government desiring assistance must initiate the request for aid to UNICEF.

Second. UNICEF emphasizes the aid to economically underdeveloped countries, particularly in the rural areas.

Third. UNICEF aid is concentrated on a few types of programs which deal with basic inadequacies in child care and which generally have a mass impact on the particular community.

These programs include assistance to rural maternal and child welfare centers in areas where child-care services are nonexistent or totally inadequate; extensive health campaigns against diseases affecting large numbers of children, such as tuberculosis, malaria, and

yaws; and the raising of nutritional standards of children through better diets, including a wider use of milk.

Fourth. The assisted government must agree to match the funds allocated by UNICEF with a substantial contribution of its own toward each program. The amount of the matching contribution, which consists of local currency or services, is at least equal to and is generally more than the international funds assigned to a program. In 1954, governments receiving aid contributed a total of \$32.5 million compared to the \$17.1 million allocated from the central account, or an average of \$1.90 for every \$1 allocated.

Fifth. UNICEF aid is used to make a lasting contribution to the welfare of large numbers of children, through projects which the assisted countries can eventually carry on themselves. Programs are geared to the administrative and financial capacities of countries. Community participation is emphasized in all stages of the program. Thus a solid base is laid at national, provincial, and local levels enabling countries to continue the programs when UNICEF aid is terminated.

Sixth. The project should be useful as a demonstration to the requesting country and should result in the development of local organizational patterns which can be duplicated and extended elsewhere in the country.

UNICEF has been increasingly successful in stimulating self-help on the part of governments and assisted peoples. Self-help is not only evidenced by the substantial amount of "matching" funds which the governments are contributing, but is also reflected in a number of other ways. These include the actual taking over by governments of projects started with UNICEF aid; increased public health budgets for child health programs; the recruitment of more competent personnel for maternal and child health work; and, in some instances, the creation of maternal and child health or welfare departments. Even more significant perhaps than the record of Government action are the added desire and efforts made by the people to help themselves in improving their own conditions.

A clear division of responsibilities exists between UNICEF and such other international organizations as the World Health Organization, WHO, and the Food and Agriculture Organization, FAO, which are concerned generally with matters of health and nutrition. UNICEF provides the supplies and equipment which are not locally available; while the WHO or FAO, as appropriate, furnishes the technical assistance and know-how requested by the governments both in the planning and execution of the programs. This clear-cut difference in emphasis simplifies the question of coordination, and assures that "the resources of the United Nations in health, nutrition, and welfare are alined in a unified approach in helping governments meet children's needs."

In 1954 UNICEF continued to make significant progress in reaching larger

numbers of children in a larger number of countries. During the year the fund aided 250 projects in 88 countries and territories. Thirteen of these countries received assistance for the first time. More than 28 million children and mothers benefited from UNICEF aid in 1954, as compared to 21 million in 1953. Over 13 million children were vaccinated against tuberculosis; 7 million children and mothers were protected from malaria and other insect-borne diseases; 1.5 million children were treated for yaws, and 1.3 million given a food supplement under the long-range feeding programs. For the 3-year period 1952-54, UNICEF furnished basic equipment and supplies for approximately 5,500 maternal and child health centers in rural areas. UNICEF also provided limited emergency aid to children in countries affected by catastrophes such as floods, droughts, and typhoons. UNICEF allocations for 1954, amounting to \$17.1 million, are summarized by area and by type of program in the attached table.

#### UNITED STATES CONTRIBUTION TO UNICEF

The UNICEF program operates on a calendar-year basis, whereas the appropriation of a United States contribution is currently on a fiscal-year basis. This tends to complicate somewhat the pledging and contribution of funds by the United States, including the percentage question. The difficulties caused thereby have resulted in situations both in 1954 and 1955 in which the other governments have not known in advance in either year the total amount which the United States was prepared to contribute or the percentage applicable to our contribution to UNICEF's programs for these 2 years. This may well have resulted in less contributions than would otherwise have been forthcoming had the other governments known and been able to take into consideration United States intentions before determining the extent of their commitments. For example, in announcing the United States contribution last September for the period January 1, 1954, to June 30, 1955, the United States representative stated he hoped other governments would assume a greater share of the costs of the program than they had borne in the past, and stated further that the percentage of the United States contribution would be reduced to 60 percent by June 30, 1955. However, the majority of the other governments had already made their pledges prior to the United States announcement, and could therefore not take the reduced United States percentage into account in determining the amounts of their 1954 contributions.

A similar situation prevails with respect to pledges and contributions to UNICEF's 1955 program. The United States is not able to pledge an amount or indicate a percentage applicable to UNICEF's total 1955 program since funds for the last 6 months of this calendar year—the first 6 months of fiscal year 1956—have not yet been appropriated and the United States does not make any pledge or other commitment for a contribution to UNICEF until the funds have been appropriated by the Congress.



The next United States pledge will not be made until the Congress has completed action on the current request. The governments were told last September of the intention of the United States to reduce its contribution to 60 percent by June 30 of this year, and this goal will definitely be reached. In fact, as a result of vigorous efforts on the part of UNICEF following announcement of the United States pledge, this goal was almost achieved 6 months ahead of time—61 percent as of December 31, 1954. Since, as stated above, the United States has given no indication of the amount or percentage of the United States contribution in the last half of this year's program for the benefit of other governments in determining the amounts of their pledges to the total year program, and since the United States contribution has already been reduced by 12 percent over the comparatively short period, it is recommended that the United States not reduce its percentage further for the remainder of the calendar year 1955 at such short notice. However, in accordance with the policy that the United States should reduce the percentage of its contribution on a gradual basis, and that such action should be so regulated that it will not have an adverse effect on the UNICEF program, it is proposed that the United States contribution could be further reduced in calendar year 1956 to 57.5 percent.

Now I want to talk to you about these two problem countries—India and Yugoslavia. I wonder if you appreciate the fact that this program of ours is unique in the history of the world? On the one hand, we have America's long tradition of humanitarianism, the religious and moral concept of our way of life that always encourages us to help those who are less fortunate than ourselves. On the other hand, we have the ever-present struggle for survival with political, economic, and military facts which build our own security and which must be constantly strengthened. This program does the extraordinary thing of equating humanitarianism with national security. International developments this year have proved as never before that we have used sound judgment in authorizing this program.

Mr. Chairman, there are some very serious questions in the minds of certain distinguished Members of the House as to whether this aid should be continued to these two nations—India and Yugoslavia. It seems to me we must look at the situation in its very broadest aspects. India is a newly independent nation of 400 million people. It is, by its very existence, proving that free people can survive and prosper in Asia. It is a growing concern. Its people are no longer willing to accept conditions under which they have lived for centuries. They are helping themselves.

The upheavals in undeveloped areas have caused much ferment in Asia and in this chaos India and China are competing for leadership of the Asian nations. I would remind the House that India, under the provisions of this legislation, has been carefully planned for. All of Asia, which has been heavily pro-

pagandized with China's alleged productive gains, is watching the final result of India's 5-year plan, and this is the fifth year. If we let India down now, what will happen? She will be forced, in her need, to go to the only other power that would give them to her, which of course is Russia.

May I call attention at this point to an observation made by the committee on the question of continued aid to that country. You will read in our report that before the committee reached a decision on further assistance to India, it carefully considered the effects of such assistance not alone on India but in the larger context of our Asian policy. It is clear that India's foreign policy is often divergent from that which the United States pursues. The committee believes that neutral or even hostile expressions by Indian Government leaders must not obscure the fact that our stake is in the preservation of the Indian subcontinent as an independent state. In making a final determination on continued assistance, the committee points out that India insists it is a neutral country and it has a representative form of government which internally is strongly anti-Communist. The committee believes that our assistance to India as elsewhere in the free world is directed toward strengthening the democratic base of government. The more successful we are in achieving that objective, the more we make it possible for India to resist Communist threats and blandishments and to remain a part of the free world.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mrs. FRANCES P. BOLTON. I yield.

Mr. JUDD. The gentleman has properly pointed out the effect on India if at this moment she were to be cut loose without any other place to go for assistance except the Kremlin. But equally important are a half dozen other countries in that part of the world who are watching the results.

Mrs. FRANCES P. BOLTON. The gentleman feels it would have a great effect on those countries?

Mr. JUDD. If Communist China surpasses, they are going that way. If democracy prevails it is very likely that they will stay with us.

Mrs. FRANCES P. BOLTON. I thank the gentleman for his helpful contribution.

Now, I go to Yugoslavia, which in 1948 was a full-fledged member of the Soviet bloc because of historical circumstances, ideological affinity, and the natural inclinations of its rulers. But in 1948 Tito defected. He broke away. In the face of Moscow's violent campaign of subversion against the Tito regime which continued from 1948 to 1953, the Yugoslavs were forced to turn to the West for support. This experience taught them the dangers of over-dependence on foreign nations, especially great powers. The alternative, which has since guided Yugoslav policies, was to follow a course guaranteeing the maintenance of Yugoslav independence and freedom of action.

The switch in Soviet tactics over the past year in the world in general, and toward Yugoslavia in particular, has already allowed Tito to put his post-1948

lessons into practice. The lessened threat from the East has reduced his dependence on the West. Yugoslavia is thus relatively free to carve its own niche on the European and world scenes. Yugoslavia wishes to do this to enhance its own prestige and to gain a chance to influence world events, a chance which small nations rarely get. The country's chief aim is to avoid war, which would not only be a disaster in physical terms but would seriously endanger the continuance of the regime, regardless of which group of major contesting powers might win the war. Tito feels that he has the right to explore his own methods of helping the world to avoid war. These methods largely coincide with those also practiced by India under Nehru and by some other countries under the general term "active peaceful coexistence."

Tito has been anxious to normalize his relations with the U. S. S. R. and the Soviet bloc as part of the job of strengthening his nation's influence and bargaining power. He especially wants to be able to exercise this influence in eastern European countries where the U. S. S. R. is now dominant. Hence Tito's great desire is to see Soviet controls over eastern European states loosened so that they can play independent roles again and perhaps eventually even line up with Yugoslavia, India, and similar countries in a group of uncommitted powers.

Tito wanted an official apology for past Soviet conduct, as well as the payment of damages for various economic losses suffered by Yugoslavia. He was also anxious to have the Soviets acknowledge that it was permissible for him to associate with satellite bosses whom he could then try to influence toward greater independence. This permission was obtained when the Soviet leaders agreed in effect that there were legitimate alternate roads to socialism and that the U. S. S. R.'s path need not be slavishly followed by other leftist nations. Tito also received the right to exchange Socialist experience with Soviet and satellite parties, trade unions, youth groups, and so forth, thus gaining a means of contacting satellite officials.

Tito apparently paid very little for these Russian concessions. The policy declarations made in Belgrade on June 3 were largely reiterations of previous Yugoslav position, for example, on the admission of Red China to the United Nations, opposition to the existence of military blocs, and so forth.

The United States has supported Tito because his fight with the U. S. S. R. weakened the latter not only in geopolitical terms, but also as the self-proclaimed leader of world Communist forces. An independent Yugoslavia instead of a satellite Yugoslavia made for an improved Western military posture in the Mediterranean Sea and Central Europe. We have never pretended to support Tito because we approve of his regime, which is a somewhat modified Communist dictatorship, since we obviously strongly dislike such a system of government. Tito is an avowed Communist—if an independent one. He often interprets world events as do other Communists loyal to Moscow because all



use Marxist analyses and Leninist dogmas and prejudices. And apart from ideology, he sometimes sees world issues differently from us, as do other nations. Nor would we wish otherwise since our aim in the world has been to build strong independent nations impervious to Soviet threats and not to obtain vassal states dominated by us. However, where Yugoslavia's own national interests come into play, Tito defends these against all comers. This explains his adherence to the Balkan Alliance with such strongly anti-Communist states as Greece and Turkey.

From our point of view, the Yugoslavs may indulge in some wishful thinking on the changes allegedly taking place in Soviet-satellite relations, but we withhold our judgment for the time being. Our only concern is that the Yugoslavs do not overestimate their own capacity as an independent and unaligned nation—not backed up by the strength of any coalition save the Balkan Alliance—to deal effectively and bargain on equal terms with the Soviet Union and Soviet orbit. The Yugoslav state, however, that their eyes are wide open and that they can guard their own position.

The American stake in this picture is clear. With major help from us to the Yugoslav economy and army, Yugoslavia can now stand up to the strongest nation in Europe. Its position is proof to all Muscovite Communists everywhere that the Kremlin is not infallible. Soviet concessions to Yugoslavia open up the possibilities of ideological confusion and division in the heretofore monolithic Soviet bloc.

This result is what we have striven for in our Yugoslav policy, even though we could hardly have foreseen the exact course of events. For this gain to continue, Yugoslavia must remain reasonably strong and independent. Our aid will provide that in physical form, as well as be a concrete token of our continued moral support of a nation against threats of aggression. It will not now mean support of communism, even Tito's brand of communism, any more than in the past 5 years.

Mr. GROSS. Mr. Chairman, will the gentlewoman yield?

Mrs. FRANCES P. BOLTON. I yield. Mr. GROSS. Does the gentlewoman think Tito had to normalize his country by saying he would hand Formosa over to the Chinese Communists?

Mrs. FRANCES P. BOLTON. I am saying very definitely, I may say to my very distinguished colleague from Iowa, that we do not agree with Yugoslavia in many things. But I say further that the important thing is to see that the Yugoslav people have a chance to broaden their own freedom within the Tito community, and so be able to keep outside the Kremlin bloc.

The CHAIRMAN. Each side has 1 hour and 14 minutes remaining.

The gentleman from South Carolina is recognized.

Mr. RICHARDS. Mr. Chairman, I yield 10 minutes to the gentleman from Arkansas [Mr. HAYS].

Mr. HAYS of Arkansas. Mr. Chairman, so many fine things that I endorse

have already been said that I shall move very swiftly over some references I had intended to make. I subscribe to the complimentary references to our beloved chairman and also to his own kindly statements about the minority who have filed a vigorous dissent. It is obvious to those of us who have had to labor hard over a technical bill of this kind that all are trying to do a patriotic duty. It is easy to recognize with hard work day after day and night after night, that all are trying to do the best we can for our common country. While there are, of course, points in the debate at which feelings become rather tense, I think it would be helpful for us, at this stage, to take a broad view of the problems that confront the Nation at this time.

The world is still full of danger. How different the world is from what we had anticipated at the conclusion of the war when our victory over Germany and those allied with them was so impressive, how different the congressional service some of us enjoy from the service we had anticipated. When I first aspired to be a Member of Congress back in the thirties, I thought of things I might do for the farmers of the Ozark region, but my energies have been devoted largely to international problems, not unrelated to the farmers of Arkansas, it is true, but quite different in character from the problems I thought I wanted to wrestle with as a Member of this legislative body.

We are living in a world that forces recognition of the fact that our interests are identified with those of other nations. It is not that we who sponsor legislation that will help other countries are more concerned about them than our own country, it is a matter of intelligently identifying our interests with others.

Mr. BONNER. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Arkansas. I yield to the gentleman from North Carolina.

Mr. BONNER. I was out of the chamber when the gentleman began to speak, but I heard him talking about farmers. Was the gentleman addressing his words to the telegram that the Farm Bureau sent out, the misleading telegram they sent out?

Mr. HAYS of Arkansas. I did not have any telegram in mind. I am not surprised however that the Farm Bureau is favoring this bill, if that is what the gentleman alludes to. I hope the gentleman from North Carolina will take plenty of time to develop his point of view, because I think a debate along that line will be very wholesome. The farm interests of this country are well served by this legislation. But it is not a farm bill. We would make a great mistake as conceivably we did make in the development of arguments for the Marshall Plan to rest the case upon opening markets for our farm products. I think the Marshall Plan had to be justified not because it provided a new farm market, though it did just that, but because it placed us in a position to help defend the free nations of western Europe. Without that expenditure they would not be

where they are today, as the distinguished gentleman from South Carolina so effectively pointed out in his address.

Mr. RICHARDS. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Arkansas. I yield to the gentleman from South Carolina.

Mr. RICHARDS. I notice the gentleman said this is not a farm bill or a farm surplus-disposal bill, and I agree with him. Neither is it a ship subsidy bill.

Mr. HAYS of Arkansas. That is correct. Unless we keep our eye on the target and think in terms of the security of our country, we are going to miss the central idea of this legislation. It might make it easier to convince some at home of its wisdom to emphasize its farm market aspects but we are not looking for a quiet political refuge for ourselves. We are confronting this issue honestly and I know you expected us to do that. Our chairman showed that in the direct and honest language he used in reply to the gentleman from Iowa in saying that obviously some of it is economic aid. But he made the point that that does not mean it is without military significance.

Would the gentleman from Iowa insist, for example, that it is good sense for us to put a gun in the hands of a lad who will fight with our own, if war should come, and then withhold the goods that are necessary to equip him or not to help provide the food that every army needs? You cannot separate these things. It is one problem, the problem of making strong the nations that have the same interests that we have.

I want to speak to the point made by the gentleman from Pennsylvania [Mr. GAVIN] who implied that we are thinking only about helping other nations. Did he overlook the fact that his committee brought into this House yesterday a bill that was approved by all but two Members of the House involving an expenditure of \$636 million outside continental United States? It involved expenditures in Iceland, the Caribbean, Okinawa and countries around the globe. It was reported by his committee and we were glad to approve it because we know it would be folly for us to construct defenses only on these shores. If we are to defend ourselves against an enemy who has aggression always in mind, then we must have allies with us who are able to help us stop him when he starts.

If we do not recognize our identity of interests then we are pursuing a disastrous course. As I have already indicated, it is not because this appeals to me by temperament. I think the gentleman knows me well enough to realize that I would much prefer to rely on the processes of reason and good will. But as the Foreign Minister of Great Britain, Mr. McMillan, said one day, "If those whose passions are unrestrained cannot be controlled by reason or love, then there is but one way to deter them and that is by fear or force. There is no other way."

The history of our country reveals that it was with great reluctance that we built a great Military Establishment. When we inaugurated these phases of



our foreign policy in 1947 it took us into a great new realm involving the rehabilitation of Western Europe. We did that reluctantly, but it was good sense. When General Marshall announced that plan we decided then that if we were to do it at all we should do it boldly, with a charter and program that envisaged an expenditure of some \$17 billion. For what purpose? To rehabilitate Europe economically, to restore a continent that was prostrate.

We knew if we were to have the benefit of her technology, her industry, her manpower, it had to be by restoring that great area with its 270 million people. If Russia should take it, it would double her coal supply, it would double her steel. So, we determined under a program, well planned, to strengthen our allies. What did we spend? Not \$17 billion but \$12 billion in that particular project, and in the years that we have been pursuing this policy \$6 billion has gone to the farmers of the United States to send across the ocean the farm surpluses that our allies needed. So, I point out in passing that this has provided markets and in providing markets has greatly strengthened people who believe as we do—no, not in all details, for their culture is not ours, but essentially as we do, in freedom. And, if I did not believe it, I would not vote for a single dollar contained in this authorization bill.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Arkansas. I yield to the gentleman from Iowa.

Mr. GROSS. The gentleman spoke of the military security that we have bought, or effectively that. I have searched through the hearings with a fine-tooth comb to find out how many combat-ready divisions, exclusive ready divisions, we have in NATO today. Will the gentleman tell me that?

Mr. HAYS of Arkansas. No; I will not.

Mr. GROSS. Why not?

Mr. HAYS of Arkansas. I will not divulge classified information. Now, there are some things that we are all entitled to know, and I will, before the debate is concluded, try to find figures in the hearings that throw light on the question.

Mr. RICHARDS. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Arkansas. I yield to the gentleman from South Carolina.

Mr. RICHARDS. Let me say this to the gentleman. He raised that point once before, and he claimed that some of the information here is being withheld. But, I would call to the attention of the gentleman that this information is not classified by the Committee on Foreign Affairs, even though we had executive sessions on the subject. So far as I am concerned, I wish we could give it all, but the Department of Defense and the State Department classified it, and we have to honor that classification.

Mr. HAYS of Arkansas. The chairman has stated my position.

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. VORYS. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. Chairman, will the gentleman yield?

Mr. HAYS of Arkansas. I yield to the gentleman from Ohio.

Mr. VORYS. I would like to make this comment, that while these figures this year are classified—and, of course, the figures are improving—I believe that last year we were authorized to state that it involved 175 divisions, 1,500 craft, and I think over 100 squadrons of aircraft. I will check last year's debate and correct these figures in the RECORD if I am wrong. But, those were the estimates that were given during the debate last year. This year the figures are classified. For instance, last year we gave the amount of military aid to certain countries. This year those amounts have been classified. Two years ago I was authorized to give the figure that there were 4.9 million servicemen who were supported in part by this program.

Mr. GROSS. The gentleman does not want to let the figure of 175 divisions stand for NATO, does he?

Mr. GAVIN. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Arkansas. I yield to the gentleman from Pennsylvania.

Mr. GAVIN. I will say to the gentleman that we were proud of that authorization bill that we brought from the Committee on Armed Services.

Mr. HAYS of Arkansas. So was I.

Mr. GAVIN. I want to see this great Nation of ours build the greatest national defense that we have ever had.

Mr. HAYS of Arkansas. No one who knows the gentleman could question that.

Mr. GAVIN. And never again let down our guard in a critical and chaotic world. But the point I was trying to make in the 2 minutes allotted to me was the fact that we should be just as much concerned about the distressed areas of our own country as we are in the other sections of the world. But we cannot get any consideration. In my great State of Pennsylvania we have 10 million people in distressed areas, thousands of miners out of work, destitute, poverty stricken. So the point that I was trying to bring to the attention of the Members of the House is that we should be just as considerate about our own unfortunate people in this country as we are in any other distressed areas of the world, but we are not.

Mr. HAYS of Arkansas. Now, Mr. Chairman, I was glad to yield to my friend for that purpose, and I want to address myself to it for just a moment. I am glad that the gentleman brought out this point. If I have developed any conviction as a result of the studies that we have made in the Committee on Foreign Affairs it is that in this program we serve all of our people. The people the gentleman refers to, his unemployed, are served when we protect that which is basic to our Nation's safety. And that is what this is. It would be a great mistake for us to set one interest against the other. I have constituents in Arkansas who are unemployed and some who are underemployed. There is just not the opportunity at their doorstep that I think we ought to have for them. But I can go back home and say in all honesty in voting funds to equip those allied with us in this global struggle that I am serving their interest.

The gentleman and I are not in disagreement as to helping people at home. He feels that not enough has been done for Pennsylvania and he will always find me responsive in practical ways of helping them. He knows that.

Mr. JOHNSON of California. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Arkansas. I yield to the gentleman from California.

Mr. JOHNSON of California. Is it the gentleman's viewpoint that these are various military assistance groups who are really the outposts of the American defense system?

Mr. HAYS of Arkansas. That is a very good way to put it.

Mr. JOHNSON of California. In various parts of the world; in Formosa, in Indochina, in Malaya, in Siam, and around the Mediterranean.

Mr. HAYS of Arkansas. That is right.

Mr. JOHNSON of California. They are just the fringes of our defense. And if we do not have them, when trouble comes, we will have to send American boys over to man those outposts.

Mr. HAYS of Arkansas. I am indebted to the gentleman from California [Mr. JOHNSON] for putting it that way. They are outposts.

Mr. JOHNSON of California. Is it the gentleman's view that they are paying big dividends in protection of the United States of America?

Mr. HAYS of Arkansas. It is, exactly. This country has already decided that. We had a choice. I join in the tributes that have been paid to Mr. Hensel, and he stated that we had these two choices. We can continue this program—and that is what it is; it is not a new program—we can continue this program and do as the gentleman from California [Mr. JOHNSON] suggests, have those strong outposts who stand between us and the enemy, or we can retreat to Fortress America, which would be a ridiculous policy. We have already made that decision.

Mr. CHIPERFIELD. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Arkansas. I yield to the gentleman from Illinois.

Mr. CHIPERFIELD. Mr. Chairman, I should like to call attention to these figures. During the last 5½ years the NATO nations in Europe have spent approximately \$43 billion from their own budgets in the creation of military strength. During the same period we have spent only \$7.8 billion on NATO. So the European nations are doing a great deal for themselves.

Mr. HAYS of Arkansas. I thank the gentleman.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Arkansas. I yield to the gentleman from Minnesota.

Mr. JUDD. Following up the excellent statement the gentleman made a moment ago, yesterday the chairman of the Committee on Armed Services in presenting the bill for the construction of our own military installations around the world, made the point very emphatically that our radar and various other installations necessary for our own national security right in Pennsylvania and



Arkansas and Minnesota, had to be placed long distances away to be effective. How are we going to put them out there where the gentleman from Pennsylvania's committee think they ought to be if we are not on the best of terms with those countries?

Mr. HAYS of Arkansas. I think that is an excellent addition to our discussion.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Arkansas. I yield to the gentleman from Pennsylvania.

Mr. FULTON. Following up the point with regard to bases, by keeping these bases in friendly countries, are we not able to strike at a possible enemy in half the time, and over half the distance than if we tried to strike the enemy from our own good country? It does give us a tremendous strategic advantage, even though we may never use it.

Mr. HAYS of Arkansas. I agree with the gentleman.

Mr. DORN of South Carolina. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Arkansas. I yield to the gentleman from South Carolina.

Mr. DORN of South Carolina. I should like to make an observation and perhaps the gentleman would like to comment on this. With reference to the point the gentleman made about \$40 billion having been spent in the last 5 years by our NATO friends, when I was in Rome and Paris I asked this specific question. I asked them if they did not do a whole lot more in 1938 than they are doing today. I pointed out when I was in Rome that they had 7 million men under arms in 1938; they had the third largest navy in the world and the third largest air force. At the same conference they turned around and pointed out that their agricultural production was 45 percent greater than it was in 1938 and their industrial production was 50 or 55 percent greater. Yet they could not put in the field one-fortieth of what they had in 1938.

I ran into the same problem in Paris. I asked them this question—and I commend the gentleman from Arkansas [Mr. HAYS] because he has always been fair. But I asked them this. I said, "How much of your income tax levy are you collecting in Italy and in France?" And they said, "Oh, about 35 percent." I told them the American people were having to pay from 95 to 100 percent or go to jail. They told me, "Well, they have two sets of books here, one for the tax collector and one for their own personal use. They generally give the tax collector a case of champagne or something and he goes on his merry way." I do not think that is fair to the American taxpayers or to the American people.

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. RICHARDS. Mr. Chairman, I yield 5 additional minutes to the gentleman from Arkansas, and suggest he let the gentleman ask him a question.

Mr. HAYS of Arkansas. I must ask the gentleman to bring it to a close, but I will try to be liberal.

Mr. DORN of South Carolina. That was a preface to my question. Why do

not we as the custodians of the American taxpayers' money demand of England and France and some of these other countries that they collect their taxes, that they put their own house in order, and that they put at least 1/5 as much into the field as they did in 1938 and 1939?

Mr. HAYS of Arkansas. I think the gentleman has put his finger on a very difficult problem, and I wish to speak to this point, but I yield to the gentleman from South Carolina now.

Mr. RICHARDS. The gentleman from Iowa and the gentleman from Pennsylvania have been talking about what we have done, what we have accomplished. Some of the information about where our airfields are situated, and what kind of planes we have, and how much is going to a particular country, is classified.

Mr. GAVIN. That was the gentleman from Iowa, not I.

Mr. RICHARDS. The gentleman from Iowa, then.

I would like to refer to the testimony of General Gruenther before our committee. He said:

Our forces have developed to a degree that even the most optimistic of us did not believe possible 4 years ago.

Since 1951 when our military effort was first initiated, our divisional strength has increased to a point where we now have between 90 and 100 divisions, roughly 3 to 4 times what we had originally. The divisions we have today are, of course, at varying stages of effectiveness, but the scale of what has been accomplished is apparent. In the air, at the time that Allied Command Europe was organized, there were fewer than 2,000 military aircraft available to the NATO effort in Europe. Please note that I have simply referred to military aircraft. I could not, by even the most generous of definitions, arrive at anywhere near that number if I talked in terms of effective or modern aircraft. However, from that pitifully inadequate beginning we have increased until today we have over 6,000 aircraft available, and I am now talking in terms of modern fighting airplanes. The naval forces of Allied Command Europe have shown similar growth, and we have today several times the naval effectiveness that we had when our buildup started some 4 years ago.

Talking simply in terms of numbers, as encouraging as that may appear, does not do our effort full justice. In addition to the quantitative increase, the forces of all three services have undergone major re-equipping programs and are now equipped with effective and modern weapons and are being trained to function as an efficient modern fighting force. To all of this must be added what we have realized as a result of the NATO infrastructure program; we have well over 130 airfields available for use today which we owe to that program; we have new communications systems; we have provision for a pipeline system for the distribution of jet fuel. Finally, we will have a substantial augmentation of our strength because of the forces which the Federal Republic of Western Germany will furnish. All of this adds up to a very substantial military capability.

Mr. GROSS. Exclusive of the United States contribution to NATO, how many combat-ready divisions of NATO are there today ready to take the field?

Mr. RICHARDS. It was testified that some of these divisions had been just on paper, paper tigers, if you want to call

them that. They are now fully equipped and at fighting strength and ready to go. That makes the difference.

Mr. GROSS. How many of them are there?

Mr. JUDD. Was it not made clear to us that the key thing is not the number, it is the quality and fighting capacity of the divisions? Our major effort for 3 years has been to build up first-rate divisions not just more divisions.

Mr. HAYS of Arkansas. May I say to the gentleman from Iowa that I wish to apologize to him for having said so bluntly that I would not give him the information. Of course he is entitled to the information but he realizes there are limitations upon the discussions here.

Now, as to the question raised by the gentleman from South Carolina [Mr. DORN], there is ample evidence that there are great exertions by the NATO countries, and a good index to use is the gross national product. Yugoslavia is devoting 15 percent of her gross national product to defense. France and the other countries in NATO are devoting an average of about 10 percent, and we are devoting about 12 percent. That gives you some idea of the relative effort. You may say, "Well, should not they come up to our exertion? Why should we devote 12 percent and they devote 10 percent?" But you see our gross national product per capita is much more than theirs. If England can devote 10 percent of her \$941 per capita, then that looks pretty good compared with our 12 percent of \$2,200. It is what you have left that counts, when you are measuring exertions. I would like to generalize to this extent. I do not think anyone can say that Great Britain, for example, is not exerting herself, and that she has not called for the same sacrifices from her people that we have. There are tax problems in Europe, in some countries, such as the gentleman from South Carolina referred to, that we have tried to help work out. In Germany, you find it in their constitutional difficulties, and I think they will work it out. We are counseling with France and Italy and they are getting some results in straightening out their tax system, but we also have that at home.

Mr. SPRINGER. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Arkansas. I yield.

Mr. SPRINGER. I would like to ask the gentleman from Arkansas this one question. I believe he has gone into it a little bit, but has not developed it. Over the period of the last 6 or 7 years, we have developed a policy in which we have said that in these various countries lie defense interests of the United States; is that not correct?

Mr. HAYS of Arkansas. That is correct.

Mr. SPRINGER. Thus, instrumentalities have been brought into effect by virtue of NATO and the extension of NATO and actually, I believe the gentleman from Iowa supported the Formosa resolution, that was one point in this year in which we said to the world that we have defensive interests in the maintenance of Formosa independently from Communist China. Now we come today,



is it not true, to the question: How are we going to implement that policy which we have already established over the last 6 or 7 years, and which we have been following all those years? This is merely a way in which the policy which has already been made is to be implemented; is that not true?

Mr. HAYS of Arkansas. That is correct.

Mr. SPRINGER. Therefore, these expenditures follow that line; is that not correct?

Mr. HAYS of Arkansas. Exactly.

In view of the fact that an effort will be made to restrict some of the authorizations to 100 percent loans, I wish to discuss that feature of the bill. Under the Mutual Security Act of 1954 there are three mandatory provisions referring to loans. Section 505 provides that of all funds made available pursuant to the act and foreign currencies generated under the sales of agricultural surpluses under section 402, the equivalent of not less than \$200 million shall be available only for the furnishing of assistance on a loan basis. Section 201 provides that 30 percent of funds appropriated for development assistance shall be available only for furnishing assistance on a loan basis. Section 501 provides that 30 percent of funds transferred from other titles into the development assistance category shall be available only for furnishing aid on a loan basis.

I understand that no serious difficulty has been encountered in carrying out these provisions. Approximately \$215 million of assistance furnished with funds already appropriated will be on a loan basis, and the 30-percent minimum for loans in connection with development assistance will have been exceeded. Let me quote one of the FOA officials:

Although these mandatory provisions have not proved unworkable, the executive branch requests that the Congress not place any floor or ceiling on loan requirements for fiscal year 1956. This request does not imply any slackening of effort on the part of the executive branch toward furnishing a maximum amount of assistance on a loan basis. On the contrary, we are on record as attempting to increase both in absolute amounts and percentages the amount of assistance which it will furnish in the future on a loan basis. The request for removal of dollar amounts and percentages from the Mutual Security Act of 1955 was made in order to provide an amount of flexibility in negotiating with recipient countries which we believe will result in more loans, rather than less loans. The fact that the current legislation states a percentage of 30 percent, for example, has led countries to believe that this should be a ceiling upon the percentage of loans which they should be expected to absorb. Although such an interpretation has no legal substance, it has nonetheless made the negotiating problem that much more difficult.

The Senate bill which we are now considering provides that at least 50 percent of the Presidential Development Fund for Asia should be provided on a loan basis, and the administration insists that this provision can be complied with without embarrassment or harm to the program. With respect to other funds, however, I believe that a mandatory percentage or dollar figure would not produce the desired result; namely,

to place a maximum amount of assistance on a loan basis.

It is estimated that certain countries, such as India and Iran, can absorb considerably more than 30 percent of their assistance on a loan basis. Other countries, however, including some who have the greatest need for aid, cannot be expected to assume a high percentage of loans.

In Egypt, in an important area for example, we are providing \$40 million of development assistance during the current fiscal year, and \$7.5 million of that assistance is on a loan basis. Next year, it is anticipated that development assistance should be continued to Egypt, but no basis is seen for assumption by that country of a substantially higher percentage of loans. Egypt is one of the few countries in the world where per capita national income is going down rather than up, and the country is committed to the construction of a number of expensive projects which are the only hope for the development of the country.

The ability of other countries in the Near East to absorb loans varies. Countries such as Lebanon and Syria should be able to absorb a high percentage, if not all of their development assistance on a loan basis. I am told that others, such as Jordan and Libya, have neither the immediate prospect nor the long-range prospect of repaying loans on their development projects.

In Latin America, where the majority of the remaining development assistance funds are to be provided, there are similar problems. It is now estimated that some \$15 million of development assistance may be necessary for Guatemala. This country is suffering a severe economic crisis at this time, and they must concentrate on projects which will reduce the serious unemployment problem in the country, largely in the field of road building. Their prospects for the repayment of additional loans are not good. Bolivia is in at least as bad shape economically. The country is completely out of reserves, and is in serious balance of payments difficulties. Haiti, another possible recipient of development assistance, is in similar straits, and the credit worthiness of that country, which is still struggling to rebuild after the devastation of Hurricane Hazel, will be used up to the limit in servicing Export-Import Bank loans now under consideration. The United States obviously has a stake in the development of the economies of these countries.

The foregoing cases are cited to indicate the inadvisability of a mandatory provision for a high percentage of loans with respect to development assistance. However, we are assured that the administration intends to exceed by a good margin the 30 percent requirement which was contained in the 1954 legislation. Considering the wide variance in the absorption capacity for loans among individual countries, it seems that the mandatory percentage provision creates many more problems than it solves for those who have to negotiate these agreements. I think in other words, that we must not put the negotiating officials in a straitjacket.

It has been pointed out that loans made under the Mutual Security Act need not conform with the standard criteria for bankability applied by lending institutions. The act has been administered on a basis quite different from the normal lending practices of these institutions. Loans made under the mutual security program have been made on a 30 to 40 year basis, with an option of repayment either in local currencies or in dollars, and at very low interest rates—4 percent for repayment in local currencies and 3 percent for repayment in dollars. Moreover, the loan agreements provide for a 3-year moratorium on the payment of both principal and interest. Any terms softer than these would tend to make loans inadvisable from a policy point of view. Even the Hoover Commission recommends that where assistance is necessary and there is no prospect of repayment of a loan, such assistance should be in the form of an outright grant.

Now, Mr. Chairman, may I revert to the questions asked by the gentleman from Iowa [Mr. GROSS]. I read the following from the CONGRESSIONAL RECORD of June 28, 1954, at page 8628 from a speech by the gentleman from Ohio [Mr. VORVY]:

Let us talk about the economy involved. United States forces are now 3,046,000 men; 17 divisions-plus; 115 air wings now, and a navy, and the cost this year, in the bill we passed the other day, is \$28 billion. This present bill will furnish arms and training and support for 175 divisions spread all over the earth; 220 Air Force squadrons; 1,500 naval aircraft, and considerable naval forces, and the cost will be about \$3 billion.

It costs to maintain one American serviceman overseas \$5,866 a year, without a weapon in his hand. Look at page 156 of our hearings. It costs to maintain one European serviceman \$1,112 a year with no weapon in his hand. By this bill we spend about \$700 per man for these 175 divisions scattered all over the earth, to put weapons in their hands and to contribute partially toward their maintenance.

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. SELDEN. Mr. Chairman, I think it is well to remind ourselves that the measure now before us for consideration merely authorizes the funds to carry out the mutual security program for the coming fiscal year. This legislation authorizes the maximum, not the minimum, amount that can be spent.

The Congress, as you know, will have an opportunity later to actually appropriate the funds for this program and, if history repeats itself, the appropriation will be less than the authorization.

Therefore, in supporting this authorization, I do not feel that one estops himself from voting for a reduction in the Mutual Security Appropriation bill when it reaches this body for consideration.

The authorization bill does, however, set up certain broad policies that are usually followed, and these policies should certainly be considered carefully before one votes on this legislation.

After a study of our foreign aid program, the Randall Commission recommended the adoption of a policy whereby our trade would be increased and economic aid on a grant basis would be de-



creased wherever possible. The President, in a message to Congress last year, endorsed these Randall Commission recommendations. The Congress has also followed many of the Randall Commission's trade recommendations and last year made a start in connection with the recommendations dealing with foreign economic aid.

I refer specifically to the 1954 Mutual Security Act in which Congress provided that development assistance should be terminated by June 30, 1955. Also, it placed certain minimum loan requirements in the 1954 act. Yet, despite this noteworthy start, the measure now before us indicates we are slipping backward rather than moving ahead in our efforts to decrease these economic aid grants. To be specific, more economic aid grants will be authorized by this legislation in its present form than were appropriated by the Congress last year.

The view that our economic aid program should emphasize loans instead of grants whenever possible has, I believe, much merit, and I feel that certain amendments to the legislation now under consideration should be adopted if we are to strengthen rather than weaken that policy.

Our Government has loaned substantial sums to foreign governments since World War II and the record indicates that none of these loans are in default. Of the \$14,147,769,000 made in loans, the sum of \$3,176,216,000 has already been repaid and interest in the amount of \$1,331,284,000 has been collected. In other words, the taxpayers of this country are more than \$4.5 billion better off today than they would have been had this aid been in the form of grants rather than loans.

In the bill now before us, we find an item of \$182 million listed as development assistance. Also, we find listed the amount of \$200 million in the President's Fund for Asian Economic Development. Both of these items, a total of \$382 million, consist primarily of economic aid in the form of grants that will be made to nations, most of whom have no mutual defense agreements with us.

The broad purpose of this development assistance is, as I understand it, to help undeveloped free countries raise their standards of living and develop their resources. Among the resources of some of these nations are large amounts of critical and strategic materials which cannot be found in sufficient amounts in this country. For example, the United States relies on foreign countries for 100 percent of our natural rubber, 100 percent of our tin, 99 percent of our chromite, 95 percent of our manganese, 72 percent of our tungsten, and for a large proportion of many other commodities essential to our military strength and economic well-being.

If we furnish development assistance to foreign countries in loans that are repayable, then it may be possible in years to come for those same countries to repay us in the very raw materials that were developed with our loans. There is, of course, always the possibility that some or all of these loans may never be repaid. Yet, if this develop-

ment assistance is left as a gift instead of being placed on a loan basis, you can be certain those funds will be gone forever.

It is my belief, therefore, that Congress should at this time adopt a firm policy whereby economic aid of this type will be made in the form of loans rather than grants, and it is my intention to support all amendments that will strengthen such a policy. I trust a majority of the Members of the House will do likewise.

Mr. FEIGHAN. Mr. Chairman, I should like to record myself as in favor of those programs advocated by the President which are necessary to the security and well-being of the American people, faced as we are with the constant threat of Communist aggression. In the past, I have unhesitatingly supported all such programs and am proud to say that my voting record is 100 percent favorable to such programs.

The mutual-security program which we now have before us, in principle, deserves the unwavering support of this House. I have made a very careful examination of this act and I find only one part which does not advance the security and welfare of the American people. That section I refer to has to do with aid to Tito's Yugoslavia.

On June 17 I had the privilege of appearing before the House Foreign Affairs Committee to present my views with respect to giving either military or economic assistance to Tito's Yugoslavia. I reminded the committee members that last year when the mutual-security appropriation bill was before the House, I offered an amendment to that section which authorized the use of \$70 million, which I was informed would, in part, be used to support the tyranny of Tito, which read as follows:

*Provided, That no part of these funds shall be used for or on behalf of Yugoslavia.*

I also repeated to the committee the same arguments in support of this position which I presented on the floor on July 27, 1954, when we were considering appropriations for an almost identical act to the one we have before us today. I believe those reasons are more valid today than they were in 1954 and consequently I would like to bring them to the attention of the House at this time.

First, Tito has never really broken with his Russian-Communist friends. As a matter of fact, keen students of the Yugoslav problem question whether the present dictator of Yugoslavia is really Josip Broz. It is quite possible that the present-day Tito is just another Russian boy trying to make good in a big way for his mentors in the Kremlin.

Second, present-day Yugoslavia under Tito will never fight on the side of the United States in the event of a conflict with the Russian Communists. In the event of war, the Yugoslav people, under Tito, will move in one or two directions. The most likely is that they will take advantage of war to liquidate Tito and all his followers, thus causing widespread internal revolution. The second possibility is that the people of Yugoslavia, the Croats, the Serbs, the Slovenes, and the Montenegrans, will be forced to fight against the West with Russian machineguns at their back.

Third, the present-day Tito under the cover of "national communism" has been able to penetrate important segments of the

organized defense community of the free world which has been created to prevent further Communist aggression. The North Atlantic Treaty Organization has been publicized as the symbol of western unity against atheistic communism. Tito's Yugoslavia would not be eligible for admission into NATO because admitting Tito to NATO would immediately destroy the symbolism which has been built up. So to prevent this question from being raised, the Department of State took the initiative in creating a small entente with our gallant and proven allies, Turkey and Greece, being put in the same bed with Tito which opens a special back door for Tito into the NATO community. The false cover of national communism also permits Tito to place his agents in many strategic positions and in general permits him the opportunity to carry out an intense campaign of "neutralizing" the free world so that it will be paralyzed in the event the Russian Communists make a sneak attack on the United States.

Fourth, Tito has never proven that he is a steadfast friend of the West. Unfortunately, we have never put him to any real test to determine where he stands on the critical issue of the United States against Russian communism. In the hysteria created by some of our striped-pants negotiators, we have deserted some of our best friends and strangely have now accepted as our supposed friends, proven advocates of world socialism. I suppose it is impolite to remind the Members of Congress that Marshal Tito has just reestablished diplomatic relations with Moscow and that it is common gossip along the highways and byways of Europe that the relationship between the Russian Communists and Tito Communists has always been on a most friendly and cordial basis.

Fifth, in any case, the people of Yugoslavia under the Tito brand of communism, will never be united behind anything Tito stands for. As a good example of my point, let us look at what Tito's brand of communism has done to the traditional food-producing capacity of the people of Yugoslavia. Before World War II Yugoslavia was a surplus food area of Europe, always in a position to export millions of dollars worth of food each year. Today, under Tito, the enslaved people of Yugoslavia, the Croats, the Serbs, the Slovenes, the Montenegrins, are hungry. The United States has been required on at least two occasions to bail Tito out and to keep him in power by sending some of our surplus agricultural commodities to Yugoslavia in order to prevent open rebellion against Tito's regime.

Sixth, there is the practical possibility that the arms and other strategic material which we made available to Tito may later find their way behind the Iron Curtain, where the Communist stooges of the Kremlin who are responsible for the enslavement of those once free nations, will store these arms and other important strategic materials for future aggressions against the free world. I am certain that a real investigation of this matter would reveal some startling evidence.

I then urged upon the committee the need for the Foreign Affairs Committee itself to make an on-the-spot investigation of the situation obtaining with reference to Yugoslavia. I did so because I am firmly convinced that any objective investigation would substantiate in full the observations I have outlined for you this afternoon.

It is a well-known fact that, despite the fact we have given abundantly to Tito, both in terms of economic aid and military assistance, we have not been able to obtain the right to inspection over the use of those funds and military end items despite the fact the law re-



quires it. The hard cold facts are that we do not know what Tito does with all the military and economic aid he has inveigled from the United States. It is quite possible that military equipment received from the United States has been filtered into Albania, or to Hungary, Rumania, or Bulgaria by Tito and his henchmen. Moreover, since we do not have the right to inspect all military installations, depots, roads, or railroads in Yugoslavia having to do with military defense, we are not even in a position to determine whether Tito receives more aid from Moscow than he receives from Washington.

I am very happy to note that the committee report which accompanies Senate bill 2090 completely concurs in my statement that we do not have inspection authority in Yugoslavia over our economic or military assistance programs. I should like to read for you from that report the section dealing with aid to Yugoslavia which bears upon that point:

#### AID TO YUGOSLAVIA

The committee gave special consideration to the situation in Yugoslavia and explored carefully the question of continuing assistance to that country. The committee reached the conclusion that no specific limitations should be imposed on the supplying of aid to that country. Testimony disclosed, however, that the Yugoslav Government has not been fully cooperative in carrying out the requirement of the Mutual Security Act that United States representatives be permitted "continuous observation and review" of the use made of equipment supplied by the United States.

The provisions of the law are clear in this respect, and the committee believes that United States officials responsible for the administration of the mutual assistance program have not been sufficiently insistent that the Government of Yugoslavia live up to the terms of its agreements. The committee has refrained from including in the bill legislative restrictions on further assistance to Yugoslavia only because it is confident that henceforth the letter and the spirit of the law will be carefully observed.

Now, surely ample reason has been demonstrated for the need of the House Foreign Affairs Committee to make an on-the-spot investigation before any additional aid whatsoever is given to Tito.

Under the 5-minute rule, I will offer an amendment to the act which will require a full inspection of all the military installations, depots, roads, and railroads in Yugoslavia, and a favorable report thereon to the effect that our assistance has been put to the advantage of the cause of human freedom before any additional funds or assistance can be given to Tito. Only a few weeks ago the Russian Communist leaders, Khrushchev and Bulganin, visited their buddy, Tito, in Belgrade. Some may call this little more than a part of the Russian diplomatic campaign to isolate the United States. But on the facts this was clearly a public demonstration of the unbroken bond between Tito and the Russians.

It is most significant that when the love feast came to an end the joint communique held these demands to be common both to Tito and the Russian Communists.

(a) That Red China be admitted to the United Nations.

(b) That the use of nuclear weapons be outlawed and permanently banned—under the infamous Russian formula.

Now, examining these two demands we immediately see that they are directly opposed to the basic foreign policy position of the United States. Any school-child knows that our superiority in nuclear weapons and our certain capability to deliver them has been the only practical deterrent to Russia occupying all of the Eurasian Continent. Now Tito wants to take from us the only sure means we have of preventing world war III or worse still preparing the way for our abject surrender to the Russian despots.

As to Red China—who can ever forget the treacherous part she played in the Korean war, how she now holds so many of our citizens in dungeons without cause and how she has been beating the drums of war and further aggression in South Asia. But Tito sees no evil in this—he wants Red China admitted to the U. N. in order to legalize a criminal regime, give the Russians another vote in the Security Council, cause us to desert more of our friends and thereby generally advance their objective of Communist world domain.

It is also significant that the agreement signed by the Russian Communists and Tito contains a section on the exchange of populations. This agreement calls for the repatriation of all Russians living in Yugoslavia—and this includes Russians who left Russia after the 1918 revolution and have been legal residents of Yugoslavia. It also includes people who elected to remain in Yugoslavia after the so-called Cominform split of 1948—the one who opposed the Cominform—you can guess what will happen to them.

Similarly, there are Yugoslav Communists living in the U. S. S. R. Those are the ones who stayed with Moscow when the so-called Cominform break was made by Tito in 1948. They are 100 percent pro-Russian and 100 percent anti-American. These people will return to Yugoslavia to help ease world tensions and to tighten the chains of slavery on the good people of Yugoslavia.

The agreement does not specify that this exchange of population will be voluntary. That means it will be forced—in typical Communist fashion.

It is also interesting to recall that before Khrushchev and Bulganin arrived in Belgrade the Russian secret police arrived well in advance and made a roundup of about 160 people and had them put in jail. The Russian secret police provided a list and required that all the people on that list be put behind bars. Tito, of course, promptly complied with this request. What sort of independence of action does this indicate?

On the subject of neutralizing the enemies of Moscow, which I charged Tito with being dedicated to, it is important to note that Moscow recently called for a campaign to neutralize all the countries on the borders of the Russian-Communist empire. In particular: A neutralized Austria, Germany, Turkey, Greece, India, Indonesia, and Japan. That, my friends, is known as the global

strategy of neutralism. It intends to create a neutral belt between Moscow and what is left of the free world. That neutral belt will be most fertile soil for the Trojan-horse methods of Moscow. It will be only a matter of a few years before the so-called neutral belt is firmly attached to the ever-expanding Russian-Communist empire.

Tito is the main cog in the Russian geopolitical strategy of creating a global neutral belt around their empire. Right after their visit to Belgrade the Russians visited Hungary and Rumania and publicly announced their plan to establish better relations with Turkey and Greece. This means they are going to go all out to neutralize them. In this maneuver Tito is their key. Recall that there is a small alliance between Greece, Turkey, and Yugoslavia created largely on the initiative of the State Department of the United States.

I also would like to draw attention to a peculiar situation in which our proven allies Turkey and Greece must allow complete inspection of our military and economic aid programs. I say it is peculiar, because we do not get the same quid pro quo from Tito. Turkey provided over 40,000 men for the fight for freedom in Korea, and Greece contributed proportionately of her best trained soldiers. We will never forget how they fought side by side with our sons in that Moscow-created war. Tito sat on the sidelines for that one.

Now by comparison we are treating Turkey and Greece with suspicion and at the same time have embraced Tito as a proven and staunch friend. Don't misunderstand my point. I am in favor of complete inspection powers over all forms of military and economic aid we give. My point is, Why do we excuse Tito from complete inspection over our aid and then demand it for our staunch and proven friends? The House of Representatives would do well to get an answer to that question.

Only yesterday we were informed that Tito would soon visit his buddies in the Kremlin to resume the love feast which was so well demonstrated in their joint meeting at Belgrade. Tito feels absolutely safe in visiting the Russians on their home ground. This is indeed a peculiar situation when one considers that Tito has been described by the Kremlin itself as the archenemy of what they describe as the "people's democracy." It is also a well-known fact that if Tito was not absolutely certain that he would not be picked up by the Russian MVD, he would not dare to make his "good will" trip to Moscow. The reason I have cited this is that we are told over and over again that Tito is a friend of the West and an enemy of the Russian Communists. How strange therefore, that the status of Tito has been changed by the Russian Communists themselves into one of a close and endearing friend when we are still referring to Tito as an enemy of Russian communism.

Mr. Chairman, I feel strongly that not one single penny should be given to Tito from funds collected from the taxpayers of the United States. I held this position right from the beginning on the mutual-security programs. I repeat,



last year I offered an amendment, the objective of which was to prevent the use of any of our taxpayers' money by Tito, but I want to do everything possible to make easy the way of our Secretary of State in his difficult task of building a free world alliance which can bring about the ultimate defeat of the international Communist conspiracy. Therefore, rather than offering an amendment barring any aid to Tito, I will propose an amendment which requires the Foreign Affairs Committee to make an on-the-spot investigation of how our former assistance to Yugoslavia has been used, and whether such assistance supports the security and well-being of the United States.

Mr. LONG. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count.

Mr. RICHARDS. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. COOPER, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (S. 2090) to amend the Mutual Security Act of 1954, and for other purposes, directed him to report it had come to no resolution thereon.

#### REVISING 1946 TRADE AGREEMENTS WITH THE PHILIPPINES

Mr. MADDEN, from the Committee on Rules, reported the following privileged resolution (H. Res. 289, Rept. No. 988) which was referred to the House Calendar and ordered to be printed:

*Resolved*, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 6059) to authorize the President of the United States to enter into an agreement with the President of the Republic of the Philippines to revise the 1946 trade agreement between the United States of America and the Republic of the Philippines, and all points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill, and shall continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means, the bill shall be considered as having been read for amendment. No amendment shall be in order to said bill except amendments offered by direction of the Committee on Ways and Means, and said amendments shall be in order, any rule of the House to the contrary notwithstanding. Amendments offered by direction of the Committee on Ways and Means may be offered to any section of the bill at the conclusion of the general debate, but said amendments shall not be subject to amendment. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion, except one motion to recommit.

#### WAR-RISK HAZARD AND DETENTION BENEFITS

Mr. CELLER. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H. R. 6871) to continue the effectiveness of the act of December 2, 1942, as amended, and the act of July 28, 1945, as amended, relating to war-risk hazard and detention benefits until July 1, 1956.

The Clerk read the title of the bill. There being no objection, the Clerk read the bill, as follows:

*Be it enacted, etc.*, That section 201 of the act of December 2, 1942 (ch. 668, 56 Stat. 1033), as amended, is further amended by deleting the words "July 1, 1955" and inserting in lieu thereof "July 1, 1956."

SEC. 2. Section 5 (b) of the act of July 28, 1945 (ch. 328, 59 Stat. 505), as amended, is further amended by deleting the words "July 1, 1955" and inserting in lieu thereof "July 1, 1956."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

#### AMENDMENTS TO RESERVE OFFICER PERSONNEL ACT, 1954

Mr. BROOKS of Louisiana. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 1718) to provide certain clarifying and technical amendments to the Reserve Officer Personnel Act of 1954.

The Clerk read the title of the bill. There being no objection, the Clerk read the bill, as follows:

*Be it enacted, etc.*, That (a) the second sentence of section 201 of the Reserve Officer Personnel Act of 1954 is amended by striking out the word "two" and substituting in lieu thereof the word "three."

(b) Section 205 of such act is amended by inserting at the end thereof the following new subsection:

"(c) (1) A Reserve officer serving on active duty who, on the date he would otherwise be removed from active status under sections 325, 327, 411, 522, 524, or 611 of this act, is within 2 years of qualifying for retirement under either title II of the Army-Air Force Vitalization and Retirement Equalization Act of 1948 (52 Stat. 1084), or section 6 of Public Law 305, of the 79th Congress (60 Stat. 27), may, in the discretion of the Secretary, be retained on active duty for a period not to exceed 2 years if he will then be entitled to the benefits of such provisions of law and will not earlier attain the maximum age at which transfer from an active status or discharge is required by this act. He shall not be removed from an active duty status so long as he remains on active duty.

"(2) The term 'maximum age' as used in this section shall, in the case of any officer covered by sections 325 and 327 hereof, be the age authorized by the first paragraph of section 326 (a) of this act."

(c) Section 339 (c) of such act is hereby repealed.

SEC. 2. Section 333 of the Reserve Officer Personnel Act of 1954 is amended (1) by striking out "A Reserve" and inserting in lieu thereof "(a) Except as provided in subsection (b) hereof, a Reserve", and (2) by inserting at the end thereof the following new subsection:

"(b) A Reserve officer on active duty who has not completed his period of required ac-

tive duty as a member of a Reserve component under any provision of law or regulations, and who is recommended or found qualified for promotion, may not be promoted until he completes that period of required active duty, or until he is temporarily promoted to that higher grade. Upon completing that period of required active duty or upon being temporarily promoted to that higher grade, he shall, if he applies therefor, be promoted, be subject to subsection (a), and be credited with the amount of promotion service in the higher grade that he would have had if he had been promoted but for the provisions of this subsection."

SEC. 3. (a) Section 402 (d) of the Reserve Officer Personnel Act of 1954 is amended by striking out the period at the end thereof and inserting a comma and the following: "except that until July 1, 1960, each such number authorized in this section for each grade may, if necessary, be increased by not to exceed 10 percent by the Secretary to permit promotions under this title."

(b) Section 403 of such act is amended by adding at the end thereof the following sentence: "Within the number to be selected which the Secretary may furnish to a selection board considering Naval Reserve line officers in any grade, the Secretary may further specify numbers of officers of stated qualifications and experience who are required to meet mobilization needs in the next higher grade."

(c) The second sentence of section 405 (b) of such act is amended by striking out "ineligible" and inserting in lieu thereof "eligible."

(d) Section 405 (d) of such act is amended by adding at the end thereof the following new sentence: "An officer whose name is so withheld from consideration from two selection boards for promotion to the same next higher grade shall be deemed to have failed twice of selection. An officer who has met all requirements for eligibility for consideration but whose name is omitted by administrative error from the list of officers furnished a selection board, shall be considered not to have failed of selection by that board and if selected by the next selection board to consider for promotion officers of the same grade he shall be entitled to the same date of rank and to pay and allowances of the higher grade for duty performed from the same date as if he had been selected by the board from which his name was withheld by error."

(e) Title IV of such act is amended by adding at the end thereof the following new section:

"Sec. 414. Officers who prior to July 1, 1955, were selected for promotion under appropriate Naval and Marine Corps regulations promulgated pursuant to subsection 216 (a) of the Armed Forces Reserve Act of 1952, as amended, may be promoted under the authority of this act with precedence and entitlement to pay and allowances as prescribed by this act."

SEC. 4. (a) Section 501 (b) (1) of the Reserve Officer Personnel Act of 1954 is amended to read as follows:

"(1) 'Promotion service' means—

"(A) service in an active status in current grade; and

"(B) all service in an active status subsequent to June 25, 1950, and prior to the effective date of this act (i) during which an officer was eligible for permanent promotion on the basis of service in a higher temporary grade, (ii) in an equivalent or higher permanent grade in the same or another service, including service in a federally recognized commissioned status in the Army and Air National Guard, except that any such service authorized under this subparagraph shall be counted but once for promotion purposes."



(b) Section 502 of such act is amended by adding at the end thereof the following new subsection:

"(d) To carry out the provisions of this title a promotion may be made effective before, on, or after the date accomplished, and the officer shall be entitled to pay, allowance, and benefits authorized by law for the higher grade from such effective date unless expressly provided otherwise in this act."

(c) Section 504 (a) (2) (B) of such act is amended by striking out "longest service as a commissioned officer (including service in the federally recognized National Guard or in a federally recognized status therein prior to 1933)" and inserting in lieu thereof "greatest number of total years of service."

(d) Section 506 of such act is amended (1) by striking out subsection (a) thereof, and (2) by striking out "(b)" and inserting in lieu thereof "(a)."

(e) The last sentence of section 508 (c) of such act is amended by inserting after the word "sections" the following: "502 (d), 511 (c)."

(f) Section 509 of such act is amended (1) by striking out in subsection (a) thereof "subsection (b)" and inserting in lieu thereof "subsections (b) and (c)," and (2) by adding at the end thereof the following new subsection:

"(c) Whenever the Secretary determines that there are vacancies in the permanent grade of first lieutenant, Reserve officers in the grade of second lieutenant under regulations prescribed by the Secretary, may be promoted to the permanent grade of first lieutenant before completion of 3 years of promotion service."

(g) Section 510 (b) of such act is amended by striking the period at the end of paragraph 2 thereof and inserting a semicolon and the following: "and

"(3) only those Reserve officers of the Air National Guard of the United States who must be considered at that time in accordance with the provisions of subsection (a) of this section."

(h) Section 511 of such act is amended by striking out subsection (b) and inserting in lieu thereof the following new subsections:

"(b) Except as provided in subsection (c) hereof, a Reserve officer on active duty who is promoted to a grade higher than that in which he is serving shall continue to serve on active duty in the grade in which he was serving immediately before that promotion, and may be appointed in a temporary grade which is equal to that lower grade. An officer who is so appointed in a temporary grade is considered to have accepted the appointment upon the date of the orders announcing it unless he expressly declines it, and need not take a new oath of office upon being so appointed. However, he may decline the appointment within 6 months after the date of the order announcing it, and shall be released from active duty.

"(c) A Reserve officer on active duty who has not completed his period of required active duty as a member of a Reserve component under any provision of law or regulations, and who is recommended or found qualified for promotion, may not be promoted until he completes that period of required active duty, or until he is temporarily promoted to that higher grade. Upon completing that period of required active duty or upon being temporarily promoted to that higher grade, he shall, if he applies therefor, be promoted, be subject to subsection (b), and be credited with the amount of promotion service in the higher grade that he would have had if he had been promoted but for the provisions of this subsection.

"(d) A Reserve officer who, while he is serving on active duty, is promoted to a grade higher than the grade in which he is serving, may not serve on active duty in the grade to which promoted, or be entitled while on that period of active duty to the rank, pay, and

allowances of that higher grade unless he is ordered to serve on active duty in that higher grade or is temporarily promoted to that higher grade."

(i) Section 523 of such act is amended (1) by striking out in subsections (a), (b), and (c), the words "date upon" wherever they appear therein and inserting in lieu thereof the words "last day of the month in", and (2) by striking out in the first sentence of subsection (d) the word "Each" and inserting in lieu thereof "Effective 5 years after the effective date of this act, each."

(j) Section 524 of such act is amended (1) by striking out in subsection (a) thereof "two years" and inserting in lieu thereof "five years", and (2) by striking out in the first sentence of subsections (b), (c), (d) (1), and (d) (2) thereof the word "Each" and inserting in lieu thereof "Effective five years after the effective date of this act, each."

(k) Title 5 of such act is amended by adding at the end thereof the following new sections:

"SEC. 527. Notwithstanding any other provision of this act, a Reserve officer who becomes a civilian employee of the Air National Guard prior to the effective date of this act may not, before attaining age 60, while so employed and without his consent, be removed from active status by reason of any mandatory promotion provisions contained herein, except for cause, physical disability, or by reason of being twice passed over for promotion to the grade of captain, major, or lieutenant colonel.

"SEC. 528. Notwithstanding section 701 of this act, the Secretary is authorized to take, prior to the effective date of this act, such administrative actions, including the convening of appropriate selection boards, as may be necessary to insure that the act may be implemented upon its effective date."

SEC. 5. (a) Section 606 (b) of the Reserve Officer Personnel Act is amended by adding at the end thereof the following new paragraph:

"(4) If a running mate is retarded in rate of promotion or has attained the highest rank to which he may be promoted, the new running mate shall be the officer of the Regular Coast Guard who is next senior to the old running mate, exclusive of extra numbers, or if there be no such Regular officer then the Regular officer of the same grade who is next eligible for promotion. An officer shall be considered to have been retarded when another officer in his grade junior to him is eligible for promotion ahead of him. If subsequently the old running mate is promoted and is restored to the precedence he would have held but for the retardation, he shall be reassigned as the running mate of the Reserve officer concerned."

(b) Section 608 of such act is amended by striking out "and shall be allowed the pay and allowances of the higher grade for duty performed from the date his running mate became entitled to such pay and allowances" and insert in lieu thereof "and a Reserve officer so promoted shall be allowed pay and allowances of the higher grade for duty performed from the date of his appointment thereto."

(c) Title 6 of such act is amended by adding at the end thereof the following new section:

"SEC. 619. Officers who, prior to July 1, 1955, were selected for promotion under appropriate regulations may be promoted under the authority of this act with precedence and entitlement to pay and allowances as prescribed by this act."

With the following committee amendments:

Page 3, line 11, strike out all of section 3 (a) and insert:

"Sec. 3. (a) The first sentence of section 402 (c) is amended by changing the period

at the end of the sentence to a colon and adding the following: 'Provided, That until July 1, 1960, the percent in the grade of major may be 22 percent, in the grade of captain, 45 percent, and in the combined grades of first and second lieutenant, 25 percent, if, in the opinion of the Secretary, such increased percentages are required to permit promotions under this title.'

Page 11, line 15, insert:

"SEC. 6. Subsection 302 (f) (1) is amended to read as follows:

"(f) 'Promotion service' means the aggregate of the following:

"(1) Any period an officer has held, or is credited by the Secretary with having held, a permanent appointment in his current grade in the Army or, in the discretion of the Secretary any other armed force of the United States while—

"(A) in an active status; or

"(B) on an active list of a Regular component;

"(2) For an officer who was on active duty prior to September 3, 1945, any period served on active duty prior to January 1, 1949, in the Army or, in the discretion of the Secretary, any other armed force of the United States while in a temporary grade equal to or higher than his current grade; and

"(3) Any period credited under section 305 (b).

No period may be counted twice as promotion service. For a person credited with service under section 201 or subsection 305 (c) or (d), no period prior to appointment or transfer may be counted under (1) or (2) as promotion services."

"SEC. 7. Section 303 is amended by adding the following new subsections:

"(f) The promotion of a Reserve officer under investigation or against whom proceedings of a court-martial or board of officers are pending may be delayed by the Secretary until such investigation or proceedings are completed.

"(g) Based on the results of an investigation or the proceedings of a court-martial or board of officers, the Secretary may remove from the recommended list the name of any officer who in his opinion is not qualified for promotion. A nonunit officer so removed from a recommended list shall, for the purposes of section 311 be deemed to have been considered and not recommended for promotion."

"SEC. 8. Section 314 is amended by inserting the words 'other than the Judge Advocate General's Corps' after the words 'special branch' appearing in subsection (a) and by substituting 'sections 303, 311, or 333' for 'section 311' appearing in subsection (d).

"SEC. 9. Section 325 is amended by inserting a colon after the words 'Retired Reserve', by deleting that portion of the section following such colon, and by adding the following new subsections:

"(a) If not on active duty, within 90 days after the second selection board submits its report to the convening authority; or

"(b) If on active duty, 120 days after being notified of his second nonselection."

"SEC. 10. Section 333 is amended to read as follows:

"SEC. 333. (a) A Reserve officer on active duty who is promoted to a grade higher than that in which he is serving shall continue to serve on active duty in the grade in which he was serving immediately before that promotion and shall, unless he expressly declines such promotion, be deemed to have accepted, effective on the date of such promotion, a temporary appointment in the grade in which serving. If he does not desire to continue on active duty in the grade in which serving, he may, except as provided in subsection (b) hereof, elect to be relieved from active duty and shall be promoted on the day subsequent to such relief or on the day he would have been promoted had he remained on active duty, whichever is the later.







# Digest of CONGRESSIONAL PROCEEDINGS

## OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE  
(For Department Staff Only)

Issued June 30, 1955  
For actions of June 29, 1955  
84th-1st, No. 110

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**HIGHLIGHTS:** Senate committee reported bill to extend public debt limit. Senate passed bill to provide retirement credit for certain State service. House debated mutual security bill. House subcommittee approved bill providing retirement credit for State service. House passed bill to establish commission on Government security. Both Houses agreed to conference report on Commerce appropriation bill. House received conference report on defense appropriation bill.

### HOUSE (JUNE 28)

- 1. SELECTIVE SERVICE.** Both Houses agreed to the conference report on H. R. 3005, to extend the Selective Service Act until July 1, 1959 (pp. 7981-2, 8015-25). This bill is now ready for the President.
- 2. APPROPRIATIONS.** Received the conference report (H. Rept. 994) on H. R. 6367, the Commerce Department appropriation bill (pp. 8010-2).  
Received, from the President, a proposed indefinite appropriation and draft of proposed provisions pertaining to increased pay costs for the fiscal year 1955 (H. Doc. 197) (p. 8060). Attached to this Digest is the complete language of the proposal.
- 3. DEFENSE PRODUCTION.** Both Houses passed without amendment S. J. Res. 85, to extend for one month the National Housing Act, the Defense Production Act, and the Small Business Act (pp. 8053-4, 7960). This measure is now ready for the President.
- 4. ORGANIZATION.** Both Houses received the final report of the Commission on Intergovernmental Relations (H. Doc. 198) (pp. 7957, 8013).



5. FOREIGN TRADE. The Rules Committee reported a resolution, providing for consideration of, one hour of debate on, waiving points of order against, and limiting amendments to, H. R. 6059, to authorize the President to enter into an agreement with the Philippines to revise the 1946 trade agreement (H. Rept. 988) (p. 8051).

6. PRINTING. The Rules Committee reported with amendment H. Res. 262, authorizing the House Administration Committee to make studies relative to unnecessary Government printing and paperwork (H. Rept. 989) (p. 8054).

HOUSE (JUNE 29)

7. APPROPRIATIONS. Both Houses agreed to the conference report on the Commerce Department appropriation bill for 1956 (pp. 8069-72, 8105-6). This bill is now ready for the President.

Received the conference report on H. R. 6239, the D. C. appropriation bill for 1956 (H. Rept. 1031) (pp. 8104-5).

Received the conference report on H. R. 6042, the Defense Department appropriation bill for 1956 (H. Rept. 1030) (pp. 8108-9).

8. FOREIGN AID. Continued debate of S. 2090, the mutual security aid bill (pp. 8109-40).

9. ALASKA STATEHOOD. The Rules Committee reported a privileged resolution providing for debate of H. R. 5166, to authorize a constitutional convention in Alaska (H. Rept. 1025) (p. 8140).

10. MISSING PERSONS. Passed without amendment S. 2266, providing for extension of provisions of the missing persons act until July 1, 1956, in lieu of H. R. 6726 (p. 8140). This bill is now ready for the President.

11. ROADS. House conferees were appointed on S. 1464, the timber access roads bill (p. 8143). Senate conferees were appointed on June 27.

12. FOREST-MINING. House conferees were appointed on H. R. 5891, to provide for multiple use of the surface of public lands (p. 8143). Senate conferees have not been appointed.

13. GOVERNMENT SECURITY. Passed as reported H. J. Res. 157, to establish a Commission on Government Security (pp. 8143-4).

14. ORGANIZATION. Both Houses received a report from the Hoover Commission on intelligence activities (pp. 8067, 8150, 8145).

15. FOREIGN TRADE. Rep. Philbin protested the alleged injustices to American industry and commerce contained in the recent trade agreement with Japan (pp. 8145-6).

16. WATER RESOURCES. Rep. Holifield suggested political chicanery in the printing of the dissenting views to the Hoover Commission report on water resources and power, as the dissenting views were contained in a second volume without any reference made to them in the first volume, containing the majority views (pp. 8148-9).

17. WILDLIFE. Both Houses received a report from the Comptroller General on the audit of the Fish and Wildlife Service, Department of the Interior (pp. 8067, 8150).



posed by the Senate, and deletes provision of the Senate for transfer of ammunition without reimbursement. The managers are agreed that the increase provided is to be used for the purchase of ammunition.

Amendment No. 9: Deletes provision of the House relating to restrictions on funds for recruiting purposes. The managers suggest that a complete review be made of all recruiting activities with the view of eliminating all unnecessary expenses and improving efficiency of operations.

#### Title IV

##### Department of the Army

Amendment No. 10—Military personnel, Marine Corps: Appropriates \$650,244,000 as proposed by the Senate instead of \$616,438,000 as proposed by the House.

Amendment No. 11—Marine Corps procurement: Appropriates \$290,190,000 as proposed by the Senate instead of \$286,500,000 as proposed by the House.

Amendment No. 12—Marine Corps troops and facilities: Appropriates \$181,605,000 as proposed by the Senate instead of \$172,750,000 as proposed by the House.

Amendment No. 13—Shipbuilding and conversion: Inserts clarifying language as proposed by the Senate.

Amendment No. 14—Ships and facilities: Provides transfer authority in amount of \$16,240,000 as proposed by the Senate instead of \$15,700,000 as proposed by the House.

Amendment No. 15—Medical care: Appropriates \$62,494,556 as proposed by the Senate instead of \$62,500,000 as proposed by the House.

#### Title V

##### Department of the Air Force

Amendments Nos. 16 and 17—Aircraft and related procurement: Appropriate \$6,306,000,000 as proposed by the Senate instead of \$5,950,000,000 as proposed by the House and delete the language proposed by the Senate. The managers are completely agreed that the buildup of Air Force as provided by the increased amount for "Aircraft and related procurement" be accelerated to the extent possible consistent with proven technological developments and efficient application of appropriated funds.

Amendment No. 18—Major procurement other than aircraft: Appropriates \$349,862,600 as proposed by the Senate instead of \$350,000,000 as proposed by the House.

Amendment No. 19—Maintenance and operations: Appropriates \$3,597,496,570 as proposed by the Senate instead of \$3,615,500,000 as proposed by the House.

Amendment No. 20—Maintenance and operations: Reported in disagreement.

Amendment No. 21—Maintenance and operations: Deletes the language proposed by the Senate. The managers agree that the Veterans Administration shall keep the John Moses Veterans Hospital at Minot, N. Dak., open until a decision can be made by the Congress as to further use by the Veterans Administration or the Department of Defense.

Amendment No. 22—Military personnel: Appropriates \$3,680,650,000 as proposed by the Senate instead of \$3,670,000,000 as proposed by the House.

Amendment No. 23—Air National Guard: Appropriates \$192,191,000 as proposed by the Senate instead of \$202,841,000 as proposed by the House.

Amendments Nos. 24 and 25—Reductions in appropriations, "Air Force Stock Fund" and "Air Force Industrial Fund": Restores language and amounts as proposed by the House.

#### Title VI

##### General Provisions

Amendment No. 26: Limits fund availability for preparation for sale or salvage of military supplies to \$31,000,000, instead

of \$40,000,000 as proposed by the House and \$20,000,000 as proposed by the Senate.

Amendment No. 27: Deletes provision of the Senate providing for legal tuition for three persons in each military department.

Amendment No. 28: Limits total fund availability for public information and public relations to \$3,270,000 as proposed by the Senate instead of \$3,250,000 as proposed by the House.

Amendment No. 29: Retains provision of the Senate for spun silk yarn for cartridge cloth and adds provision, as proposed by the House, making such purchase subject to conditions applicable to other commodities in paragraph.

Amendments Nos. 30, 31, and 32: Exempt from limitation on purchase of passenger automobiles 250 vehicles for the Navy and Marine Corps and 750 for the Air Force, as proposed by the Senate, instead of 221 for the Marine Corps and 503 for the Air Force, as proposed by the House.

Amendment No. 33: Reported in disagreement.

Amendment No. 34: Deletes provision of the Senate providing payment for meals of certain enlisted personnel when rations in kind are not available. The managers are agreed that this matter can be handled subsequently through the usual budgetary procedures.

Amendment No. 35: Restores original section number.

GEORGE MAHON,  
HARRY R. SHEPPARD,  
ROBERT L. F. SIKES,  
W. F. NORRELL,  
JAMIE L. WHITTEN,  
GEORGE W. ANDREWS,  
JOHN J. RILEY,  
CHARLES B. DEANE,  
DANIEL J. FLOOD,  
CLARENCE CANNON,  
R. B. WIGGLESWORTH,  
ERRETT P. SCRIVNER,  
GERALD R. FORD, JR.,  
EDWARD T. MILLER,  
HAROLD C. OSTERTAG,  
GLENN R. DAVIS,  
JOHN TABER (except  
as to amendments  
10, 11, and 12).

*Managers on the Part of the House.*

#### SUBCOMMITTEE ON RIVERS AND HARBORS OF COMMITTEE ON PUBLIC WORKS

Mr. BLATNIK. Mr. Speaker, I ask unanimous consent that the Subcommittee on Rivers and Harbors be allowed to sit this afternoon during general debate.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

#### AMENDING MUTUAL SECURITY ACT

Mr. RICHARDS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (S. 2090) to amend the Mutual Security Act of 1954, and for other purposes.

The SPEAKER. The question is on the motion of the gentleman from South Carolina.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill, S. 2090, with Mr. COOPER in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on yesterday, the gentleman from South Carolina [Mr. RICHARDS] had 53 minutes remaining; and the gentleman from Ohio [Mr. VORYS] had 1 hour and 10 minutes remaining.

The Chair recognizes the gentleman from Ohio [Mr. VORYS].

Mr. VORYS. Mr. Chairman, I yield 10 minutes to the gentleman from Indiana [Mr. ADAIR].

Mr. ADAIR. Mr. Chairman, I think I ought to say something, which has already been said much better than I can say it, and that is to express appreciation to the chairman of our committee who has presided in our committee hearings so graciously and fairly. My deep appreciation to him. Also to those who have control of the time on our side, who have seen to it that those of us who hold opposing views have been granted an opportunity to express those views. For that I am grateful.

Now permit me to point out some of the reasons why I think this bill is not in the form in which this House ought to accept it; and there are many such reasons. Some of them have already been pointed out by previous speakers. In the minority views, which four of us filed, we said a thing which is in the minds and hearts of many Members on this floor, I am certain. That is, that there are many good parts in this bill which is here before us for action at this time. There are many portions of this bill, I repeat, which have merit and ought to be supported. Unfortunately, there are other parts of overriding importance, which are not the type of legislation that this House at this time ought to enact. To try to point out some of those portions to the Members of this House, in the first place, we ought clearly to understand that the American people feel friendship for the peoples of nations throughout the world. We contend that some of those peoples do not have the type of leadership that they ought to have, and that is tragically unfortunate at this time, but between our people and peoples throughout the world, we cherish and hope for an understanding friendship. In that connection, Mr. Chairman, we must remember I think always that the mere giving of dollars does not buy friendship. It takes more than that. It takes understanding. It takes communications back and forth. It takes the knowledge of the problems which confront the people of our country and the peoples abroad. I think we run grave danger in this country when we say to ourselves, as I fear some people do, that if we pass a bill authorizing an appropriation of \$3,285,000,000 for foreign aid in this coming year, by that act we have assured the safety of this Nation, that by that act we have discharged our obligation as citizens of this Nation. It is not enough for us simply to give dollars. I think for too long we have relied upon that philosophy, but if we are to be successful in our fight against communism, if we are to build a world which is free and in which the various nations have independence, it involves more than merely authorizing the appropriation of dollars and walking



out of this chamber saying: "We have done what we can; we have made dollars available."

You may ask yourselves: "For how long will this type of program continue?" To that I think none of us on the committee and possibly no one in the executive departments can give a definite answer; so that in itself ought to set up a warning signal for us. You are carrying forward, if you vote for this bill, a program for which there is no foreseeable termination date at this time. We must therefore ask ourselves: "Are we prepared to vote for this type of program indefinitely in the future? Are we prepared to say to our taxpayers, those who work to earn the dollars which go to pay their taxes, are we prepared to say to them 'You must look forward year after year and year after year to a continuation of this program.'?"

I think not.

I think we as representatives have an obligation not to embark upon such a program, for which there is no foreseeable termination.

Next, there is in this bill more than in any other similar legislation which has been brought before the House during my period of service here, a looseness, a lack of Congressional and executive control which I think perhaps is the most dangerous thing in the whole piece of legislation.

If you have read the bill and if you have then related it to the measure which was enacted last year, which you must do to read it understandingly, you will find that we are moving in the direction of making great sums of money available to be used in large areas of the earth without by this legislation pinning it down to specific purposes and to specific areas. The term "blank check" is frequently used, but I must say in all honesty, Mr. Chairman, I believe here is a bill which more than any other foreign aid legislation in my service here, I repeat, is a blank check.

We in the Congress have lost control over the expenditure of these funds. We are not discharging the obligation fully for which we were sent here if we enact this legislation and, just as important, I am convinced that the executive department also has lost control. Let me illustrate what I mean by that.

Some month or 6 weeks ago the executive department said they would have committed, in their opinion, all of the funds which have been heretofore authorized and appropriated, by June 30, 1955, except \$100 million. When this matter was then considered in the other body it appeared that that was not the case, that there would be more than \$100 million uncommitted and unspent at that time. So the other body wrote into this bill a limitation of \$200 million, as the amount the executive departments will have to spend of money heretofore appropriated but not committed. In other words, all the money previously committed will be available plus the \$200 million.

We now get further reports upon this matter and do we find that \$200 million is enough? Indeed, we do not; we find that there will probably be at least \$600

million of the previously authorized money which is not committed and which will not be committed on June 30 of this year.

As the bill now stands, of course, the \$200 million limitation is still there. But the point I am trying to make to the House at this time is this: That here is one demonstration of the fact that not only the legislative but the executive branch has lost control of these funds. Those in charge of the program are not sure of the amount of money that is expended or that is unexpended at any given time. They are not sure how much money will be available for future expenditures. If we find that kind of looseness in this measure and the way it is administered, then I say we as Representatives of the people of the United States have an obligation to try to write into this bill stricter controls.

Previous speakers have said that there are certain implications of foreign policy in this measure. I agree with that point of view. We recognize that the first obligation with respect to the making of foreign policy lies with the Executive, but, certainly, a measure like this does relate itself to foreign policy. If we agree with that, then it seems to me, if we propose and enact legislation of this kind, that we ought to build a policy which strengthens our friends.

If this is a measure which contains benefits for those nations that have been our friends and at the same time benefits for those nations that have not seen fit to go along with us in the field of foreign policy, then I say to my colleagues we are doing a very poor job of implementing our foreign policy.

We in this Congress have an opportunity to improve this legislation. We have an obligation to discharge our responsibilities. Let us face the situation and let us discharge our responsibility as Representatives of the people of the United States.

Mr. BEAMER. Mr. Chairman, will the gentleman yield?

Mr. ADAIR. I yield to the gentleman from Indiana.

Mr. BEAMER. I want to compliment my colleague for his able presentation to the House. I feel that his remarks should have been listened to by every Member of the Congress. He made a point, are we getting friends with this program? I have had the privilege of visiting many countries with my own committee which also has to do with foreign relations but from an entirely different point of view. So many times I have heard this statement made: You cannot buy our friendship, you have to earn it. I think that is what my colleague is saying. Now may I ask this question: Does the gentleman remember in previous Congresses when this particular measure was considered we have always been told that this is the last request we will make, we will not ask for another one next year, or something of that kind?

Mr. ADAIR. There have been implications, I may say to the gentleman, that we were drawing near the end of the program, but unfortunately we cannot say that now, we do not see an end to the program.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. ADAIR. I yield to the gentleman from Minnesota.

Mr. JUDD. I think my friend will agree that some of us have said from the very beginning that there is no way we can end this program until we win the struggle in which we are engaged.

Mr. ADAIR. That is true.

Mr. JUDD. We have never concealed the fact or tried to give the impression that this was anything but a long-term program, and that if we do not stay at it until we win the cold war, we are going to have a hot war.

Mr. ADAIR. The gentleman from Minnesota has been one of those who has seen that it would be a long-term program.

Mr. DODD. Mr. Chairman, will the gentleman yield?

Mr. ADAIR. I yield to the gentleman from Connecticut.

Mr. DODD. I have been very much interested in the gentleman's remarks and I find myself in considerable agreement with them. I wonder, though, if he can tell us more specifically what he would suggest we do. For myself, I do not find it enough to say that we should be better friends. Can he tell us specifically how?

Mr. ADAIR. In the little time I have, obviously I cannot do that. There are many ways in which it can be accomplished. Generally, it would be in the development of people-to-people programs rather than relying upon governmental operations.

Mr. RICHARDS. Mr. Chairman, I yield 10 minutes to the gentleman from Oklahoma [Mr. JARMAN].

Mr. JARMAN. Mr. Chairman, I would like to join my colleagues on the committee in paying tribute to our chairman, the gentleman from South Carolina [Mr. RICHARDS] for his friendly and courteous and very capable handling of our hearings on this major piece of legislation. I would like also to add my tribute to the able and dedicated efforts of the staff who helped us so much in bringing this piece of legislation to the floor.

Mr. Chairman, in recommending that Congress authorize a continuation of the mutual security program, President Eisenhower stated that he considers this program an indispensable part of a realistic and enlightened national policy. The President added that the fixed unwavering objective of that policy is a just, prosperous, enduring peace.

Forty-eight witnesses, some of them civilian and military leaders of our Nation, appeared before our committee in behalf of S. 2090 presenting additional facts and arguments to justify the President's request. No witness appeared in opposition.

Mr. Chairman, this is my first year on the Foreign Affairs Committee and I do not pretend to be an expert on the legislation now before the House. However, I have given a lot of thought to the issue of extending the mutual security program for another year and I have listened carefully to the evidence. I am convinced that the welfare of the United



States and of the free world, in meeting the challenge of communism on a global scale, requires me to cast my vote for S. 2090 and a continuation of this program.

Mr. Chairman, I have made clear my support for S. 2090. In doing so, however, I am compelled to underscore that portion of the committee report which is critical of results under the investment guaranty program. In particular, I refer to that language on page 42 of the report, stating:

The committee is not satisfied that broad criteria have been applied by the executive branch to the guaranty provisions nor that the participation of private enterprise is being facilitated or increased to the maximum extent practicable. From testimony and other evidence before the committee it is clear that the interpretation placed by the executive branch on the type of investment covered has been unduly narrow, contrary to the intent of Congress. The committee, which drafted these provisions, states that it has always been its intent and is now its intent that the executive branch exercise the utmost imagination and effort to expand the investment guaranty program beyond this narrow and unintended concept to include indirect investments as well as direct investments.

Supporting the principal of mutual aid as I do, it is not pleasant for me—or for our committee—to be critical of the way one of the major operations under the program is being administered. Yet the time has come when we must speak candidly and even bluntly.

Since the inception of the aid program in 1948, the Congress has laid great stress on the need to stimulate private foreign investment as an indispensable objective of mutual security. Direct aid out of public funds has been regarded as a stopgap measure. In the long run, we hoped to restore and develop the economies of other nations to the point where the normal flow of private foreign investment would be adequate to carry on the program. Nor should it be overlooked that any increase in private foreign investment tends to reduce the drain on public funds for mutual aid and lessen the taxpayers' burden.

Recognizing, however, that private investors were properly wary of foreign investment because of the political and economic uncertainties of the international situation, the Congress did more than utter pious platitudes in the direction of private foreign investment. In the very first aid bill in 1948, largely at the insistence of our committee and this House, the Congress authorized the guaranty or insurance of new foreign investments against the risks of convertibility of foreign currencies. Later, in 1950, the guaranty authorization was extended to include protection against the risk of foreign confiscation of these investments. Thus, the Congress has said that for a small insurance premium, the private investor wanting to invest abroad may obtain insurance against the major noncommercial risks he faces in making such investments.

But an examination of what has happened will reveal there is every indication that the executive branch has never been particularly enthusiastic about this guaranty program. Not that this lack

of enthusiasm has manifested itself by any open or direct opposition. On the contrary—fond lip service has been paid to the need for more private foreign investment and approval was given the guaranty program. But the fact is, not enough has happened under this program despite all congressional efforts to encourage it.

Year after year after year our committee first patiently but finally impatiently, demanded to know why there were not more tangible results under the guaranty program. Time after time we have urged the executive branch to come forward with constructive proposals to make the program more effective or to offer realistic alternatives thereto. Yet the grim fact is that until very recently the results were seriously disappointing, when measured in terms of the problem. It was sometimes hard not to ask one's self whether the persons responsible for this program in the executive branch were honestly sympathetic to it and its objectives. I do not believe these persons are incompetent so I exclude that reason as a cause of failure. Neither do I believe there is a trace of partisan politics involved. A Republican-controlled Congress first inaugurated this program in 1948 with full bipartisan support. It was first administered by a Democratic administration and now by a Republican administration. Always the results have been highly disappointing.

Let us be concrete: In the 7 years since 1948 total guaranties aggregate only ninety-odd million dollars. The fact that FOA succeeded in stimulating \$90 million in new foreign investment in 7 years is no small miracle in view of all the obstacles they faced. Still, we must recognize the fact that in the same 7-year period, the Congress has appropriated almost \$40 billion of the taxpayers' money for aid in support of the same general objectives. Thus, the relative inadequacy of results under the guaranty program reflects itself in the stupendous amounts we are called upon year after year to appropriate as mutual aid.

The only hopeful or encouraging developments are:

First. In the past year the Guaranty Branch of FOA has almost doubled the amount of insurance it has written and the number of pending applications indicates real investor interest in the program, if only we can blast open administrative bottlenecks.

Second. At long last the executive branch is beginning to take a little interest in using the guaranty program in Latin America. The executive still insists on demanding difficult country agreements—not required by the law—but it is encouraging to see any favorable results in Latin America—an area we know the American investor is interested in.

Third. The men responsible for administering this program in FOA have first-class reputations and show every indication of taking their responsibilities seriously. Given the right kind of cooperation, I believe these men in FOA might produce some dramatic results.

Fourth. Your committee heard testimony that FOA is seriously interested in extending the guaranty program to the indirect or portfolio type of investment. In fact we learned that a concrete proposal has been put forward to organize an investment company or mutual fund to specialize in portfolio investments of foreign securities and that such company will be organized if FOA will provide its customary insurance guaranties. Our committee was most interested in this proposal and its potential implications for opening up a whole new source of private foreign investment.

Taken as a whole, these four developments would be highly encouraging except for one important fact, namely, the degree to which other agencies of the Government appear to be dragging their heels and frustrating FOA's efforts to capitalize on these new developments. I shall not name names or make specific charges at this time. All I will say is that I have commenced a little informal study of what really seems to be holding up this guaranty program and I do not like what the record appears to be developing.

I will add this: Right now I am strongly inclined to suspect that year after year we have been criticizing the persons actually administering this program, whereas in fact they have been doing their level best to make progress. However, every time they try to expand the program into a new field as Congress has directed, they must get policy approval from other interested Government agencies and they run squarely into a stone wall of passive opposition and stalling tactics. Again, without pointing any finger of accusation but for purposes of illustrating my point, I will direct attention to the fact that under the law—Bretton Woods Agreement Act as amended by the Economic Cooperation Act of 1948—the broad policy aspects of the guaranty program come under the scrutiny of an all powerful Cabinet committee called the National Advisory Council on International Monetary and Financial Problems—commonly called the NAC. This is a highly desirable instrument for coordinating international economic policy at the executive level. At the same time I emphasize that the NAC was established by the Congress to further the policies of this Government as defined by law and not for the purpose of defeating or emasculating those portions of such policies with which individual Cabinet members may personally disagree. If they disagree they should have the courage to come out in the open and tell Congress. They should not hide behind the cloak of anonymity afforded by NAC to vent their opposition to the law.

Mr. Chairman, I think I have made clear what is bothering me—and I believe others—about what is happening under the guaranty program. All I wish to add is that if we are aware of the real situation, the Congress can keep its eyes open and be on the alert for further signs that remedial action is called for.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. JARMAN. I yield to the gentleman from Minnesota.



Mr. JUDD. I want to associate myself fully with what the gentleman has said. As he knows, we worked together in committee for an enlarged investment guaranty program. There has been a certain psychological factor which has hindered the program. Some of our officials have taken the position that if these countries were in good enough shape, then they could get loans through regular banks. That is true, but it is like saying to a man with pneumonia, "You get well and then we will give you the penicillin." If he could get well on his own, he would not need any penicillin. It is precisely because some countries are not in good enough condition to justify regular banking loans that the investment guaranteed program is needed.

It is a means by which in many cases we can give aid from private sources without drain upon the taxpayer through appropriating public funds for direct aid.

I want to say now that as the gentleman knows, I intend at the appropriate time, to offer an amendment to increase the present authorization from \$200 million to \$300 million because, in the last 6 months, there has been a marked increase in applications. There are now pending applications for guaranties in the amount of \$189 million. They are doubtless not all sound projects and will not all be granted. But it is clear there are already active applications taking us above the present ceiling. Certainly we ought to provide an authorization adequate to take care of all additional applications that may be approved by the proper authorities. I commend the gentleman for his interest in and support of this program.

Mr. JARMAN. I thank the gentleman and say that I shall support his amendment, because I think it is a further expression of the already established position of the Congress on this matter.

Mr. SMITH of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. JARMAN. I yield to the gentleman from Wisconsin.

Mr. SMITH of Wisconsin. I think the gentleman has made a very fine statement. He has pointed out that until political conditions are stabilized we cannot expect much in the way of foreign investment. It seems to me that that is the basis for this whole loan program. Until we have something in the way of stabilized conditions, we are not going to attract very much money in certain parts of the world.

Mr. JARMAN. I thank the gentleman for his contribution. Of course, the gentleman will remember one witness who appeared before the committee who indicated that the mutual company he represented was prepared to issue a \$25 million foreign securities investment program, if it could get the necessary guaranties, and such guaranties are possible under existing law. Congress has established the policy in favor of a liberal approach to such guaranties and the Executive should be carrying out that policy.

Even under the limited operation of the investment guarantee program,

guarantee contracts in the sum of 91,400,000 had been issued as of June 30, 1955. As of June 24, 1955, applications were pending in the sum of \$189 million. These figures are indicative of the possibilities that are inherent in this program, because the program is just beginning.

Mr. ALBERT. Mr. Chairman, will the gentleman yield?

Mr. JARMAN. I yield to the gentleman from Oklahoma.

Mr. ALBERT. I commend my colleague on the quality of his statement, and personally thank him for the fine contribution he has made.

Mr. JARMAN. I thank the gentleman.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. JARMAN. I yield to the gentleman from Iowa.

Mr. GROSS. The gentleman will have to contend with the United Nations which, with the United States representative opposing it, about a year ago passed a resolution saying in effect that "At any time we see fit we will nationalize industries in our countries, expropriate, or do anything we want to do." Notice was served on us then. How under those circumstances can the gentleman feel that there is a climate of friendship for American investment?

Mr. JARMAN. I would say to the gentleman that under the law and under the operation of the program, an agreement between the United States and the nation in which the investment is to be made must be reached before the individual investment is covered by the guaranty. The best answer to the gentleman's comment is the fact that 26 countries have already signed the necessary agreements with the United States.

Mr. JUDD. If the gentleman will yield, the fact that there are unstable conditions is the basic reason for the investment guarantee program. Of course, we guarantee them against only two things—inconvertibility and expropriation. If the investors make some money we guarantee they can convert it into dollars; and too, we guarantee reimbursement if their property should be expropriated by action of their government. We do not guarantee them against riot, disorder, mobs, or war—but just against those two contingencies, in order to induce our investors to put their own money into what they and our authorities agree are sound projects. We have been operating it for 6 years and it has not cost us anything. In fact, we have received a little over a million dollars in premiums, which amounts to half a percent of the total amount of the guaranty. It is a premium like that charged by the Federal Deposit Insurance Corporation for insuring deposits in banks.

Mr. JARMAN. The point the gentleman from Minnesota makes is certainly worth bearing in mind, because this program has not cost the Government a dime. We have made a million and a quarter dollars on the premiums paid. It has great possibilities in private investment that will obviate the necessity for Government aid.

Mr. CHIPERFIELD. Mr. Chairman, I yield 10 minutes to the gentleman from Michigan [Mr. BENTLEY].

(Mr. BENTLEY asked and was given permission to revise and extend his remarks.)

Mr. BENTLEY. Mr. Chairman, Senate bill 2090, which the Committee presently has under consideration, authorizes a total amount of nearly \$3.3 billion in foreign military and economic aid for the coming fiscal year of 1956. This is a substantial increase over the amount of approximately \$2.8 billion which was appropriated by the last session of the 83d Congress for the same purpose.

While I rise in opposition to this bill because of the nature of many parts of the program, and because of the amount of money involved, an amount which I believe to be excessive, I am not opposing the concept of foreign aid as such. I believe that there have been many occasions in the past when foreign assistance was eminently desirable and probably saved many free countries of the world from Communist conquest and subversion. I believe that certain parts of this program have merit, such as the technical assistance features, and I would vote for appropriations to continue such parts. But the undesirable portions of the program are such that I cannot, in good conscience, vote for its passage.

I must, however, take this occasion to thank the chairman of our committee, the distinguished gentleman from South Carolina, and ranking members on both sides of the aisle for their consideration and kindness to those of us who signed the minority report. I personally deeply appreciate their attitude shown to those of us who are in honest and sincere opposition to the legislation now under consideration. I would also like to thank the members of the committee staff for being unfailingly helpful and courteous to all of us who differed with the majority of the committee. I especially want to thank Mr. Sheldon Kaplan, of the staff, for the invaluable assistance he rendered in the preparation of the minority report.

Mr. Chairman and Members of the Committee, you have before you a minority report on Senate bill 2090, signed by the gentleman from Wisconsin, the gentlewoman from Illinois, the gentleman from Indiana, and myself. None of us is opposed to this bill merely for the sake of opposition or even primarily for the sake of economy. We all recognize the need for the continuance of some foreign aid in some form. But we are in opposition to the program which is now presented to you.

At this point, Mr. Chairman, I should like to read an editorial from the April 22 issue of the Detroit Free Press entitled "More Billions in Foreign Aid," and which calls for closer scrutiny of this program than has been the case in the past. No one in good faith can accuse the Free Press of being an isolationist organ, and the editorial which I now read sums up the reasons for the degree of concern with which many of us view the pending legislation:

The American people have been asked by President Eisenhower to provide \$3½ bil-



tion in tax money for military and economic aid, mainly for Asia.

We are told this is an indispensable part of a realistic and enlightened foreign policy. That the objective is a just, prosperous, enduring peace. That the money is needed to meet the threat of Communist aggression and subversion, especially in Asia.

And that is about all the American people know about \$3½ billion in foreign aid.

We submit that it is not nearly enough information on which to base an intelligent, realistic decision.

How much of that sum was suggested to foreign governments as a gift by Washington bureaucrats whose job it is to give away dollars?

How much money actually was requested by responsible leaders of foreign nations? Would it be too much to ask these foreign leaders to discuss openly and frankly why they asked for our money and what they intend to do with it?

We know what our objectives are in making the money available: To maintain friendship and defenses against further spread of communism, to serve humanity by helping underprivileged people.

But, what are the objectives of the nations to be aided? If they are parallel with ours why don't representatives of those peoples say so, instead of having our own foreign aid employees "interpret" the objectives of hundreds of millions of peoples in the far corners of the earth?

What precautions will be taken to insure that our \$3½ billion is spent for the stated purposes should it be appropriated?

There have been well-documented cases in the past which prove supervision on our part and responsibility on the part of our foreign friends have been badly lacking.

We are not opposed to the principle of foreign aid as such. It can be made to accomplish a great deal in developing backward nations—and that can be a great boon not only to the nation involved but to the whole world through strengthening free governments and discouraging the growth of communism—which feeds on poverty and ignorance.

In addition, the promise is that we are building future markets for our goods. And, if our economy is to keep on expanding that is an important consideration.

We do believe, however, that the American people are entitled to much more complete and frank answers than they have received in the past before our representatives in Washington can conclude that public opinion supports the appropriation of \$3½ billion for foreign aid.

It is reasonable to expect our Congressmen to seek straightforward answers, not only from our foreign aid officials, but from the leaders of governments which are requesting help.

We are confident that in this way a solid foreign aid program could be put together. It hasn't been done in the past because we have been too shy or stupid to ask proper questions and safeguards; or because we have been too eager to get rid of some of our money.

My three colleagues and I not only do not feel that sufficient scrutiny and study has not been given the present program but that the whole foreign aid picture itself is getting further away from congressional control than has been true in the past. Take this \$200 million for the Asiatic development fund. All we have been told is that it is going to be spent in free Asia sometime before June 30, 1958. We do not know where it is to be spent, how it is to be spent, nor what it is expected to accomplish. The executive branch does not have such informa-

tion nor indeed any planned program for this money. How could Congress be expected to have it? Indeed, not even the Asian countries themselves have any clear idea of what they are going to do with the money.

Mr. Chairman, I consider that such cases where we are asked to appropriate money for a program which has not yet even reached the planning stage is a perfect example of how Congress is being asked to abdicate its responsibility in such matters. But even when we know where and how money is to be spent, grave criticisms arise in respect to the use of the funds.

Take the case of Yugoslavia, for example. In section 142 of the present legislation, the Mutual Security Act of 1954, there is found this proviso:

No assistance shall be furnished to any nation under this title unless such nation shall have agreed to permit continuous observation and review by United States representatives of programs of assistance authorized under this title, including the utilization of any such assistance.

Now, in its majority report the committee admitted that the Yugoslav Government has not been fully cooperative in carrying out these requirements.

That means, in effect, that provisions and conditions of eligibility have been violated and the House would be fully justified in eliminating all aid to Yugoslavia from this bill until she fully lives up to her terms of the bargain.

I have defended aid to Yugoslavia in the past, not only on the floor of this House but in many speeches in my own State, sometimes before bitter anti-Tito groups. I did it on the same basis as I justified aid to Spain; we did not endorse either form of government, but we needed them both, and we were convinced that both Tito and Franco were genuinely opposed to the Kremlin. But how different the situation today. We could not ask for more cooperation we have received from Franco, we could not find a more determined anti-Communist state in all of Europe. I will support every penny of aid to Spain that is in this bill. But what are we to think when we observe the growing friendship between Belgrade and Moscow? What are we to believe when Tito announces his intention to visit the Kremlin as an honored guest? What are we to say when our military representatives in Yugoslavia are barred from seeing the disposition of the jet planes we have sent to strengthen the Yugoslav air force? How can we take a Communist dictator to our bosom who has received millions of dollars from us and who has not paid out one cent of reparations, who has not even expressed his regrets over shooting down American planes and killing American boys only 9 years ago? Those, Mr. Chairman, are questions which I cannot answer.

There are those who claim that to deny aid to Tito would drive him into the arms of the Kremlin. Can such people ever believe that Tito would ever fully trust the bosses in Moscow or that they would trust him? I tell you that Tito would not dare to go back to the Kremlin even if he wanted to. He is enough of a realist

to know that he could never be fully absolved from the sin of Communist heresy no matter how much he recanted. Our memory may be too short to recall the incidents of 1946, but the Cominform's memory is long enough to remember the break of 1948. Tito will never abandon his pretense of independence and so-called neutrality, regardless of what we do here this afternoon.

Mr. Chairman, we might also think for a moment of the people of Yugoslavia. Tito was never freely chosen or elected by those people, and his only popular support has been derived from his defiance of the Kremlin. The people of Yugoslavia today do not have freedom, real freedom, freedom of opposition to those institutions of which they may disapprove. Do you think that a debate such as we are conducting here this afternoon would be possible in the Yugoslav Parliament? Now I have heard in Congress and elsewhere much talk about freedom for Poland, for Czechoslovakia, for Hungary, and the other Communist satellites. I am afraid that freedom for Yugoslavia from the Communist dictatorship of Tito is something that has been forgotten. And yet we are being asked to vote more millions to keep this dictatorship in power and to keep the Yugoslav people in slavery. The inconsistency of such an argument appals me.

Take a look now at another part of the program, of that other self-styled independent neutralist, Prime Minister Nehru. I sometimes think that Tito and Nehru are engaged in a contest to see who can hew more closely to the Communist line without actually becoming a satellite of Moscow. To strengthen my own opinions in this matter, I turn again to the Detroit Free Press of June 25 and read an editorial entitled, "Nehru Likes Any Color Just So Long as It's Red":

Five years ago today, with neither warning nor provocation, Communist North Korea invaded South Korea.

The given reason: South Korea's refusal to be taken over by Moscow carpetbaggers.

The avowed objective: total conquest.

That same day the United States Security Council issued a cease-fire order, termed the Red's attack a breach of peace.

Two days later, President Truman ordered intervention by United States forces. Within hours after that, the U. N. Security Council asked all U. N. members to help the South Koreans.

From first to last, and ever more conspicuously, North Korea acted as a Russian puppet.

It was the Moscow papers which 4 days before the invasion published North Korea's militant demands upon South Korea. They called for merging the legislative bodies of north and south. The U. N. Commission in South Korea was to be ordered out. "Enemies of peaceful unification" were to be arrested as traitors.

Russian-built tanks dominated the early battles. When General MacArthur's forces verged on victory, Red Chinese divisions were poured in to shift the balance. Shortly the Russians, in person, began to appear. They flew fighter planes and did the jobs for which their Oriental catspaws lacked technical capacity. Migs struck from north of the Yalu.

That was the pattern from first to last, including the bad faith and obstructionism which dragged out peace negotiations for 2 years and 17 days. The pattern has con-



tinged with flagrant violation of truce terms by the Reds.

Against this background, consider an event of the past week.

At Moscow, India's Prime Minister Nehru and Soviet Premier Bulganin issued jointly a document they were pleased to call a communique.

Here are some of the things it called for: mutual respect for others' territorial integrity and sovereignty.

Nonaggression.

Noninterference in others' internal affairs for any reason of an economic, political, or ideological character.

Peaceful coexistence.

With this went a demand that we give Formosa to the Communists and the customary Soviet hypocrisy about banning atomic weapons—all implying that your Uncle Sam is the real villain on the international stage.

The world has had time to become accustomed to the flagrant, almost idiotic, disregard for fact with which the Kremlin concocts its pronouncements.

But Nehru is still new enough to produce amazement when he lends himself to furtherance of Moscow's big lie technique. The Prime Minister of an avowed Red satellite, with Moscow's noose around his neck, could be no more obliging nor have a greater look of unquestioning servility.

Obviously Nehru is not a simple-minded man.

That doesn't account for his ability to look at the facts of the war which started 5 years ago today and at the same time put his name to such nonsense as the past week's joint communique.

The only other possible conclusion is that far from being the neutralist which his apologists try to make out, the Prime Minister of India is a Kremlin man through and through.

This reference to Nehru's recent trip to Moscow as an honor guest and the joint statement which he issued with Marshal Bulganin should be borne in mind by all Members before they vote \$70 million for development assistance funds for India, the only country in Asia to get such money except a small amount for Nepal.

I am sure that the last of Nehru's studied and unprovoked gestures of hostility toward this Government are fresh in the minds of all of us. Do you recall 2 years ago when he termed President Eisenhower a warmonger and a threat to world peace? More recently, he has arbitrarily curtailed service to India by two United States airlines, an action which will cost the American taxpayers still more money through the necessity of increased subsidy payments. He has placed an order with the Soviet Union for a million-ton steel mill for which he is reported to be paying \$91 million. He has consistently parroted the Communist line with regard to Formosa, Indochina, and indeed our entire Far Eastern program.

The majority report states that India claims to be a neutral country. I take issue with such a claim. I regard some countries, such as Sweden and Switzerland, to be neutrals in the true sense of the word but I have examined the record carefully and it would appear that Indian neutrality is entirely weighted in favor of communism. Name me one instance during the last 2 years when Nehru has attempted to balance the record, when he has criticized the Soviet Union in terms as sharp and hos-

tile as he has continually employed against us. I do not think you will find such an example for I believe there is none there.

Of course, I sympathize with and approve of what the Indian Government is trying to do for its own underdeveloped peoples. Of course I would regard it as an international tragedy if India went Communist. I believe our technical assistance program to India should be continued. But look at what this \$70 million figure includes: \$4 million for fertilizer, \$4 million for deep irrigation wells, \$2 million for river valley development, \$5 million to construct electric power facilities, \$15 million for steel, \$6 million for transportation, \$4 million to extend malaria control and \$30 million of surplus agricultural commodities whose proceeds will go for local costs of irrigation, flood control and power.

Why is it necessary for our Government to continue to pour such vast sums into India, almost alone of all the countries of free Asia. I will tell you why. It is because the Indian Government is basically a Socialist government and consequently is unwilling to guarantee a favorable atmosphere for American private capital and industry to do the job although this would mean the task would be done at no expense to the American taxpayer. I would like to warn my colleagues that if they vote for this \$70 million for India, they should be prepared to explain to their constituents why they are voting subsidies to a Socialist state which is unwilling to permit private investment and capital to come in from outside and operate at greater efficiency and with 100-percent savings to this Government.

Let us now go back to the matter of military aid in Europe. Only a short time ago this House unanimously adopted a sense resolution, sponsored by the distinguished majority leader, the gentleman from Massachusetts, to the effect that the United States should support other peoples in their efforts to achieve self-government or independence. That was a noble resolution and I voted for it, as did every other Member of the House present at that time. But now we are being asked to vote millions of dollars in military equipment to nations who practice just the opposite of what we have already endorsed.

We have all gone on record against any and all forms of colonialism. Are we now going to vote money for those countries who still practice colonialism, countries which still deny self-government and independence to the people under their rule? We are told that we must furnish this aid to certain west European powers under our NATO treaty obligations. What are we then expected to do when France removes troops and planes from West Europe, in violation of her NATO commitments and sends them to North Africa for the purpose of consolidating her colonial rule. This again appears to be a completely illogical part of the present foreign-aid program. I believe that our conditions of eligibility for military aid should include a requirement that the recipient nations also en-

dorse the principles contained in House Concurrent Resolution 149, the McCormack anticolonial resolution, and I intend to offer an amendment today to that effect, as I have already advised my colleagues.

Mr. Chairman, I honestly believe that this foreign-aid program requires a reappraisal and a "New Look." I have only pointed out a few faults and inconsistencies in the bill, but there are many others. I would be happy to see this bill returned to committee for further study and examination. Do not be afraid of crippling the program by such action. There are already more than \$8 billion worth of funds which have not been expended, funds which are still in the pipeline, funds to keep the program moving for another 2 years at present rate of expenditures. The American people are not happy about foreign aid, for which they have voted so many billions in the past. And in new funds for the coming fiscal year alone you are being asked to vote approximately \$20 for every man, woman, and child in the United States.

Not too many weeks ago my friends on the majority side of the aisle were making a great argument about the value of a \$20 tax cut and the effect it would have upon this Nation's economy. Their arguments were rejected because of the inflationary effect it would have had upon our unbalanced budget. But if you voted to send this foreign-aid program back to committee and refused to authorize any new funds for the coming fiscal year, if you confined yourself to merely reauthorizing the unexpended balances of eight-billion-dollars plus, you would be, in effect, accomplishing the same result by a \$20 tax saving to everyone in this country. I can assure you that that would be a very welcome gift to your people, indeed.

Mr. Chairman, history has proven the utter and complete failure of so-called pocketbook diplomacy, of our many attempts to purchase friendship throughout the world. Those friends that we do have, let us take notice of that friendship and perform accordingly. Those nations that wish to be neutral or independent of both us and the Soviets, let us respect their desires but let us stop trying to bribe them to remain on their chosen path. Those nations who wish to achieve the maximum in concessions from both East and West and who plant one foot in Moscow while the other is in Washington and who have their hands out on both sides of the Iron Curtain, let us tell them that the wealth and resources of this country are not to be used for international blackmail. Give us an opportunity to review the program in this light, a realistic, American light, with due respect for the rights of others but asking that all free countries make equal sacrifices in the cause of independence and democracy. If we in Congress are going to write out a \$3.2 billion check, let us make sure that we understand what the money is to be used for, where it is to be spent and what we expect to accomplish by it. Those questions, to me, remain unanswered in the provisions of S. 2090. I am opposed to the bill in its present form.



Mr. JOHNSON of California. Mr. Chairman, will the gentleman yield?

Mr. BENTLEY. I yield.

Mr. JOHNSON of California. When the State Department comes before your committee and makes these requests, which are for tremendous sums of money, I assume that they always justify every item that they are asking for. Did you do that in this case?

Mr. BENTLEY. They attempted to justify a great deal of the money which they requested, but I may say I believe there were only 10 days of hearings on this particular legislation before our committee as compared with much longer periods of time in the past. But, I think the point I failed to put across to the distinguished gentleman is that nowhere do we have a statement on the part of any of the responsible officials of the foreign governments as to how much they wanted or what the money was to be used for or any of the objectives to be accomplished.

Mr. JOHNSON of California. I would assume that the Department through their people abroad contacted the governments that are making the requests and justified it to themselves before they went before you.

Mr. BENTLEY. They may have justified it to themselves, but I cannot recall where any statements on the part of the foreign officials of the recipient governments were quoted to us during the hearings.

Mr. JOHNSON of California. Perhaps my question was not clear. I was not referring to the officials of the foreign governments justifying these requests to themselves, but these requests certainly should be justified to our Secretary of State and he should pass the word on to you and justify these requests.

Mr. VELDE. Mr. Chairman, will the gentleman yield?

Mr. BENTLEY. I yield.

Mr. VELDE. I commend the gentleman on his statement, and at this time I want to say that I associate myself with the gentleman from Michigan and the other three Members who signed the minority report on this bill.

(Mr. VELDE asked and was given permission to extend his remarks following the remarks of Mr. BENTLEY).

Mr. WINSTEAD. Mr. Chairman, will the gentleman yield?

Mr. BENTLEY. I yield.

Mr. WINSTEAD. The impression I gathered on a trip I made to some of these countries, together with the gentleman from California [Mr. JOHNSON] is that our employees in the FOA are going out and encouraging these people to accept this money. That is the impression I gained when we visited our own employees in this setup.

Mr. BENTLEY. On the basis of my own 9 years of foreign service abroad in the service of our Government, I would say that the tendency to encourage foreign governments to take money was very prevalent in the past and I assume it still continues.

Mr. WINSTEAD. And we felt also that many of the leaders of some of these countries are very much disturbed

because the strain was so heavy on their government to match what we were spending in order to carry on their part of this program.

Mr. BENTLEY. I would like to make for a moment what I think is an interesting point. This morning we have a very distinguished guest coming to visit our country, the Prime Minister of Burma, who, I believe, is expected to arrive this morning. The Burmese Government a short time ago told us that they did not want any more foreign economic aid from us.

The circumstances are somewhat complicated, but anyway it was the idea that we should not give them any more foreign aid. I venture to say that relations between the United States and the Government of Burma have improved since that time rather than deteriorated.

Mr. WINSTEAD. May I point out also that most people in this country would support a foreign aid program if we would do a little better selecting. I contend that we have better friends with the countries where we made loans and guaranteed business establishments than we have with most of the countries where we have just made donations in a lump sum.

Mr. BENTLEY. I thank the gentleman for his comment.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. BENTLEY. I yield to the gentleman from Iowa.

Mr. GROSS. I want to commend the gentleman for his statement. And I also want to commend the gentleman from Indiana [Mr. ADAIR], the gentleman from Wisconsin [Mr. SMITH], and the gentlewoman from Illinois [Mrs. CHURCH] for the excellent minority statement.

Mr. BENTLEY. I thank the gentleman.

Mr. VELDE. Mr. Chairman, I wish to associate myself with the position taken by the intelligent and courageous signers of the minority report on this bill, the gentleman from Wisconsin [Mr. SMITH], the gentlewoman from Illinois [Mrs. CHURCH], the gentleman from Indiana [Mr. ADAIR], and the gentleman from Michigan [Mr. BENTLEY].

Sometimes I think that we Members forget the fact that the obligation of providing money for the operation of our Government rests squarely upon the shoulders of the House of Representatives. In the furtherance of our duty in this respect, it is my opinion that it is absolutely necessary and proper that we secure all the facts available before acting on any authorization which will later require an appropriation. The House Committee on Foreign Affairs has not secured these necessary facts in this bill.

There is a good deal to be said, of course, for the theories of the majority report on this bill. There is no question but that the executive department should keep secret some of the details regarding the expenditures made under the mutual-security bill, especially those relating to some military expenditures.

However, there is no good reason, under any stretch of the imagination, why the executive department should keep secret from the House of Representatives those expenditures already made or contemplated for economic expenses of foreign countries.

I do not mean to say that I am opposed to either economic or military aid to foreign countries, I am merely saying that I am strongly opposed to the manner in which aid has been and is now being granted in this bill. We cannot truthfully say that we are representing opinions of our constituents when we flagrantly violate the customs and traditions which the House of Representatives has followed in making appropriations in the past.

Furthermore, I cannot conscientiously vote for the economic-aid portions of this bill when I consider the following:

First. Our American highways and waterways—strong elements in the defense of our country, and their need for repair and extension.

Second. Our educational system, which is necessarily a part of our security, needs improvement in physical facilities as well as in teaching facilities.

Third. Our hospitals throughout the country are in vital need of Federal assistance if we are to maintain the same standards of health and welfare that are traditional in this great Nation of ours.

Fourth. We still have in this country a dearth of national parks, forest preserves, and other recreational facilities which our American citizens are entitled to before spending billions abroad.

The four examples I have cited, are only a few of the many reasons why we should be reluctant to grant foreign assistance until we are certain that our own citizens are being cared for in the highest standards that our Republic is able to offer.

I have previously voted against foreign aid, whether it be under the appellation of relief, security, or assistance, on the grounds that we should first of all balance our budget, and secondly, be assured our own people are educated, housed, fed, clothed, and have the health and recreational facilities our citizens so justly deserve. I shall continue to vote against such foreign giveaway programs as long as these conditions have not been met.

Mr. VORYS. Mr. Chairman, I yield such time as he may desire to the gentleman from Illinois [Mr. CHIPERFIELD].

(Mr. CHIPERFIELD asked and was given permission to revise and extend his remarks.)

Mr. CHIPERFIELD. Mr. Chairman, under this program revolving coal fund of \$20 million was set up by Presidential order last October. To date \$19,173,000 has been used.

Under this arrangement FOA buys coal which is sent abroad. The receiving country puts up local currency. With this money the United States buys some commodities for a third country program. Dollars are deducted from that third country's program and put back in the coal fund.



## Tonnage purchased to date

From—	
Kentucky.....	200,000
Alabama.....	60,000
Illinois.....	160,000
Washington.....	29,000
Utah.....	40,000
West Virginia.....	40,000
Indiana.....	100,000
Oklahoma.....	40,000
Pennsylvania.....	140,000
Total.....	809,000

In addition, FOA funds have been used for commercial procurement. In fiscal 1955 this has totaled 2,644,000 tons, principally from West Virginia.

An additional 127,000 tons have been bought with United States funds for Korea and Indochina with FOA money.

In fiscal 1955 gross tonnage purchased has been 3,580,000—4,009,600 net tons.

Since May 31, 1955, additional authorizations have been issued to purchase 120,000 tons from the Pittsburgh area and 80,000 tons from 5 Western States—an additional amount of 200,000 tons.

Since October 1954, total annual coal exports, including commercial purchases, have been running over 24 million tons. This compares with 14 million tons a year ago.

Mr. RICHARDS. Mr. Chairman, I yield 2 minutes to the gentleman from West Virginia [Mr. BAILEY].

Mr. BAILEY. Mr. Chairman, when the Congress first initiated the foreign-aid program the approach was divided from a military standpoint and an economic standpoint. I supported the program, to start with, but after the program had been in operation a year I caught them building a pottery plant in Leghorn, Italy; the Army was building a large pottery plant in Bavaria. The occupied forces in France were building a tremendously large glass plant; and another one in England. All of this was designed to take jobs away from the pottery and glass industry in my State of West Virginia. I quit voting for economic aid. I continued to vote for military aid so long as they were separate and I could vote for the military part of it. I found the appropriation so consolidated last year that I could not separate the military from the economic aid, and I find the pending authorization and the appropriation which will follow will be so confused that you cannot distinguish between military aid and economic aid.

Now, let us talk for just a minute on the question of economic aid. We have a situation existing in the State of West Virginia that is far worse, from an economic standpoint, than exists in the nations you propose to assist with your economic aid. All of this has been done by deliberate acts of Congress. Nineteenths of our difficulty in the State of West Virginia can be laid to our trade policy. We prayed and we begged for relief within the past few weeks. We were refused that relief. The situation still exists. The Congress has done nothing about it. Our situation was brought about by deliberate acts of this Congress.

Mr. Chairman, if you have \$2,500,000,000 or \$3,500,000,000 to give to foreign

countries, you have money to do something for the citizens of West Virginia; and until such time as you do I propose to vote against such appropriations as this.

Mr. VORYS. Mr. Chairman, I yield myself 1 minute.

Mr. Chairman, I made some remarks yesterday and incorporated some remarks in our committee report on the subject of loans rather than grants in this program. I wish to announce that at the appropriate time later in the day I shall offer substantially the following amendment in three places:

Such assistance may be furnished on such terms and conditions as the President may specify and shall emphasize loans rather than grants wherever possible.

I shall offer that amendment to the section on development assistance; to the section on the President's fund for Asian development, and to the general section with reference to loans and sales that applies to the whole bill.

There are some Members who have asked about the type of amendment I intended to offer and I thought I would announce it at this time.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. VORYS. Mr. Chairman, I yield 5 minutes to the gentleman from Washington [Mr. TOLLEFSON].

Mr. TOLLEFSON. Mr. Chairman, I take these 5 minutes to call to the attention of the House certain activities on the part of foreign nations which have disturbed me considerably over the past months.

The bill pending before the Committee contains a provision which seeks to nullify the provisions of the Cargo Preference Act which Congress adopted last year. This Cargo Preference Act is termed the 50-50 legislation. It simply provides in effect that of Government-sponsored cargoes, such as relief cargoes and surplus agriculture-disposal cargoes, 50 percent should be shipped in American bottoms.

On 9 different occasions this House has supported the view that 50 percent of Government-sponsored cargoes shall be carried in American-flag ships.

The Foreign Affairs Committee by 2 provisions in this bill seeks to nullify the provisions of the permanent 50-50 law, and at the proper time the chairman of our committee will offer amendments, I am sure, to strike those two provisions from the bill.

What I want to call to the attention of the House is that when we had the 50-50 legislation before our committee and we were taking testimony, an official representative of the Department of State came before our committee and opposed the legislation. On questioning him it was learned that the basis for the Department's opposition was 9 diplomatic notes sent to the Department of State by foreign nations opposing the proposed 50-50 legislation.

As a Member of Congress I expect to have pressure brought to bear upon me; I expect to have American people and organizations seek to influence my vote, and the vote of other Members, but I re-

sent tremendously pressures and influences by foreign nations.

The House adopted the permanent 50-50 legislation overwhelmingly, without a single dissenting vote. Notwithstanding that fact, the early part of this year, the foreign nations had not given up in their efforts to defeat the 50-50 legislation, at least defeat or forestall the applicability of it. So they began flooding us with a lot of propaganda through their news periodicals seeking to convince people in the Department of State and the Department of Agriculture—and, yes, even seeking to influence Members of Congress—to believe that the 50-50 legislation was impeding or interfering with the disposal of surplus agricultural commodities.

They succeeded in convincing some people in the Department of State and in the Department of Agriculture that that was a fact and they have, I am afraid, succeeded in influencing some Members of Congress. That effort has continued. In the first place, we disproved the propaganda, and it was labeled "propaganda" by our American press. We disproved that propaganda, but the efforts have been continued to date. At the appropriate time in the debate we will be able to point out that as late as a month ago the foreign nations have been seeking to nullify the provisions of a law of Congress. I resent that sort of thing and I call it to the attention of the Members of the House.

Mr. GAVIN. Mr. Chairman, will the gentleman yield?

Mr. TOLLEFSON. I yield to the gentleman from Pennsylvania.

Mr. GAVIN. I want to concur in the gentleman's statement. I intend to support his amendment. When the Congress has expressed its opinion on this proposition on nine different occasions, that should be sufficient. Why should the Foreign Affairs Committee, after the Congress has expressed itself nine times, continue to put this thing in? Because a few willful men in the State Department want it changed. Certainly the membership of this House and their wishes and expressions should be respected. I do not think it belongs in the bill in the first place. After we have expressed our thinking, that should be sufficient, yet they come back year after year and try to make us accept it.

The CHAIRMAN. The time of the gentleman from Washington has expired.

Mr. RICHARDS. Mr. Chairman, I yield the gentleman 1 additional minute.

Mr. SMITH of Mississippi. Mr. Chairman, will the gentleman yield?

Mr. TOLLEFSON. I yield to the gentleman from Mississippi.

Mr. SMITH of Mississippi. I would like for the gentleman to explain to me the inference he is drawing that the opposition to this so-called 50-50 provision in the law is based on foreign propaganda or foreign influence. I would like for him to explain to me this: Would he consider the farmers of this country who are trying to dispose of surplus commodities affected by some insidious foreign propaganda? If the gentleman is going to put in a situation like that



and claim this action was taken as a result of some subversive propaganda from overseas, he is going to further endanger his case. The whole purpose of the committee, as I understand it, was designed to help move commodities that are so largely in surplus today.

The CHAIRMAN. The time of the gentleman from Washington has again expired.

Mr. VORYS. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. BONNER. Mr. Chairman, will the gentleman yield?

Mr. TOLLEFSON. I yield to the gentleman from North Carolina.

Mr. BONNER. I would like to ask my distinguished friend, chairman of the Foreign Affairs Committee, to give me a little time. I asked for it all day yesterday, to answer my friend from Mississippi [Mr. SMITH], who is a hard-working and distinguished Member of the Congress. He has raised a point here, and I would like to have an opportunity to show him a few facts and figures.

Mr. RICHARDS. If the gentleman will be patient, he is going to get time.

Mr. BONNER. I would also like to answer the gentleman's remarks about subsidies in respect to the Farm Bureau's telegram that came in yesterday.

Mr. RICHARDS. I will yield to the gentleman some time.

Mr. TOLLEFSON. Mr. Chairman, I would like to answer briefly the remarks of the gentleman from Mississippi. In the first place, he has put words in my mouth. I am simply calling to the attention of the House exactly what has transpired on the part of certain foreign nations. Those are facts which can be proven. We have the facts in the hearings held by our committee. I am not imputing anything to the members of the Foreign Affairs Committee, who are just as sincere in their views as I am in mine. The only thing I said with respect to Members of the House was that some Members of the House have apparently succumbed to this propaganda. I am afraid that some inaccurate information has also been supplied to the Farm Bureau. I hope we will have an opportunity to go into it at greater length later.

Mr. MORANO. Mr. Chairman, will the gentleman yield?

Mr. TOLLEFSON. I yield to the gentleman from Connecticut.

Mr. MORANO. I am looking for clarification. Does the Cargo Preference Act say 50-50 or at least 50 percent shall be carried in American bottoms?

Mr. TOLLEFSON. It says at least.

Mr. MORANO. If it says at least 50 percent, then 90 percent could be carried in American bottoms?

Mr. TOLLEFSON. That is possible.

Mr. RICHARDS. Mr. Chairman, will the gentleman yield?

Mr. TOLLEFSON. I yield.

Mr. RICHARDS. In view of the gentleman's statement that this amendment does not give encouragement to the shipment of commodities abroad and is propaganda, I would just like to say that when Mr. Stassen was before the Senate

committee, Senator BARKLEY asked about it:

If this provision was not in the bill, would it not expedite the movement of farm commodities?

And Mr. Stassen said:

That is right. There is no question but what we could move more cotton, more wheat, more tobacco, more coal if it were not for the 50-50 shipping clause, because that does add to the cost.

He recognizes, as I do, that we should not play favorites here. This is not a shipping bill or a farm bill. This is a mutual-security bill.

Mr. TOLLEFSON. I think later on in the debate we will give figures to indicate that this law has not impeded the disposal of surplus commodities.

Mr. RICHARDS. If you can do that, fine.

Mr. TOLLEFSON. Let me show you how far the foreign agents have gone. A representative of one of the largest foreign nations came to a Member of Congress from an agricultural State and said: "We would like to buy \$50 million of your agricultural products, but we will not do it if we have to take the shipment under the 50-50 legislation." And that sort of activity is going too far for me.

The CHAIRMAN. The time of the gentleman from Washington has expired.

Mr. RICHARDS. Mr. Chairman, I yield 13 minutes to the gentleman from West Virginia [Mr. BYRD].

(Mr. BYRD asked and was given permission to revise and extend his remarks.)

Mr. BYRD. Mr. Chairman, 400 years before the beginning of the Christian era, Pericles, one of the noblest of the Athenians, addressed his countrymen in this manner: "Fix your eyes upon the greatness of your country and remember that her greatness was won by men with courage, with knowledge of their duty, and with a sense of honor in action."

Mr. Chairman, the greatness of our country likewise was won by men with courage and with a knowledge of their duty. It will require a great deal of courage upon the part of many Members to support this bill. I represent the largest coal-producing district in the United States. I come from an area in which the economy has been seriously impaired, and I know that it would be a very popular thing for me to approach my constituents and tell them that I voted against this bill. It would be exceedingly popular if I were to catch up that inflammatory phrase "giveaway" and say to those unemployed coal miners that I voted against a giveaway program.

But where does duty lie at this moment? I sat on the Committee on Foreign Affairs during the hearings, and, although I do not know all there is to know about the mutual-security program, the knowledge I have of it leads me to believe that this program is in the best interests of our country. Whether I come back to serve in this august body again is of little moment. The thing that matters most is that America must

continue to be the land of the free and the home of the brave. I do not believe that any Member of this House would, year after year, support a measure which would provide for the giveaway of moneys to foreign countries without expecting something in return. I do believe that every member of this committee and every Member of the House who votes to support this measure believes that America is getting something in return, that we are getting real dollar value in defense.

We have witnessed the progress made by our allies under this program. It has contributed to the economic virility, the political stability, and the military strength of our allies, and through it we are encouraging the marshaling of mighty forces into a combined military strength which we could not hope to attain without jeopardizing our solvency, exhausting our resources, and enlisting the total manpower of this Nation.

Money spent in establishing a front-line defense thousands of miles from our shores; money spent in the defense of our native land, directly or indirectly; money spent in saving the lives of American men and women is not money given away. History may very well return the verdict that these dollars are the most wisely spent dollars we have ever authorized, and I hope that this House will support, enthusiastically and overwhelmingly, the bill which is before us today.

During my remaining time, I wish to address myself to another very important component of our national defense and our national strength. Some may think it not apropos at a time when we are discussing the military and economic aspects of our national defense to refer to the spiritual component. And I do not introduce it as an argument or a justification for the passage of this bill. But I do think that as this great body deliberates upon a program, the purpose of which is to increase our military strength throughout the world, it is a most appropriate time to recall to my fellow countrymen that, unless America places the emphasis upon spiritual strength, our efforts will have been in vain. And we, as leaders of this mighty Nation must take cognizance that military and economic strength alone cannot achieve the peace, nor gain the victory if the conflict comes. We must seek to build a more enduring spiritual awareness. And we, the leaders of this Nation, have the responsibility of leading our people toward that end.

I was pleased to listen to Gen. Carlos P. Romulo of the Philippines speak over a local television station last Sunday afternoon on a program entitled "Face the Nation." General Romulo referred to the opening remarks of the conference in Bandung, and he said that, in the great majority of those opening speeches, there was an invocation of the Almighty. And he went on to say that Chou-En-lai of Red China was forced on the defensive by this spiritual offensive; that he had to cast aside his sword-rattling speech which had been prepared; and that he had to water it down and come up with a speech asking for tolerance



of atheism. That, to me, was profoundly significant because it proved to the world the compelling powers which can be wielded over the Communists by forcing them into the realm of the spiritual; a realm in which they can be readily shorn of their fancy trappings and revealed in their true light; a realm in which they can find no weapon with which to defend their ideologies.

Now, if I may, I wish to amplify this point and develop it further. In this bill, we are authorizing additional money to the United Nations and its specialized agencies.

In April 1945, I was disappointed, when the United Nations met in San Francisco and was called to order, to hear the chairman ask the representatives of nations gathered there to stand for 1 minute in silent meditation. There was no reference to the Father of Light; no reference to Him who flung the stars from his fingers and placed the planets in their orbits; to Him who established the earth and created man in His own image. There was no recognition of the God who governs this universe and guides the destinies of all nations. But I was highly pleased and deeply gratified when, on June 20, 1955, Dr. E. N. van Kleffens of the Netherlands convened that historic meeting commemorating the 10th anniversary of the United Nations by asking the representatives of the nations assembled to stand for 1 minute in silent meditation or prayer.

That, too, was a most significant and encouraging development over the years. I herald it as a harbinger of greater things to come, because I sincerely believe that the representatives of the nations of the free world have at last come to the conclusion that our forefathers reached many years ago, that "Except the Lord build the house, they labor in vain that build it; except the Lord keep the city, the watchman waketh but in vain."

I realize that there are problems when men and women of many faiths and religions come together. Nevertheless, we must recognize the fact that, unless we accord recognition to the presence of an Almighty God, and invoke His wisdom and guidance in our international conferences, we shall succeed no better than did the builders of Babel.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. BYRD. I will be delighted to yield to my friend.

Mr. VORYS. I am deeply moved by the words of the gentleman from West Virginia. I am reminded of a paragraph in a report the chairman of our committee and I filed after we made a survey mission to the Far East, South Asia, and the Middle East, last year. This is what we said as part of our conclusions:

Spiritually, we, in this country, have one great asset in common with the people of this area; communism has one great liability. Despite deep differences in religion, we all believe in a Higher Power than man; we are conscious of our ultimate weakness without Divine help; we deny the godless, materialistic doctrine of international communism. We believe together that moral force, not military or material force, will rule the world. This basic faith is our great common

bond in the struggle against organized atheism.

I thank the gentleman for permitting me to interrupt.

Mr. BYRD. I thank the gentleman for his contribution. He and my chairman are to be congratulated. It takes courage and strong convictions to file a report like that.

Now, Mr. Chairman, let me, if I may, refer to one instance in American history in which the founders of our great Republic emphasized the truths to which I, in my humble way, am attempting to address myself today.

I have in mind that historic meeting in Philadelphia in 1787 when those noble men met to write a Constitution upon which this Republic might be founded. Day after day over a period of 112 days they labored before they achieved their goal. But, after the first 4 or 5 weeks had passed, it seemed that their efforts would end in vain. One day, the oldest man in that gathering, a man 81 summers young and whose name was Benjamin Franklin, arose to his feet and addressed the chair in which sat Gen. George Washington. He said:

I have lived, sir, a long time and the longer I live, the more convincing proofs I see of this truth—that God governs in the affairs of men. And if a sparrow cannot fall to the ground without His notice, is it probable that an empire can rise without His aid?

He went on to say:

We have been assured, sir, in the sacred writings, that "except the Lord build the house, they labor in vain that build it."

I, therefore, beg leave to move that henceforth prayers imploring the assistance of Heaven and its blessings on our deliberations be held in this assembly every morning before we proceed to business, and that one or more of the clergy of this city be requested to officiate in that service.

Mr. Chairman, from that day forward, they made progress. They gave to the world the finest and most perfect document of its kind that was ever written, and who am I to say that that document was not divinely inspired when it was written by men of faith, and when upon it has been builded a Republic which has become the admiration and hope of the world?

Mr. Chairman, I feel that this moment is a moment in history when Americans from all over the country echo my sentiments in saying that we must bring God into our conferences, into NATO, into SEATO, into the United Nations. I am confident that, if we do that, our people's support for this continued program will be assured, and the purpose of it will be successfully consummated.

The CHAIRMAN. The time of the gentleman from West Virginia has again expired.

Mr. RICHARDS. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. BYRD. Mr. Chairman, the apostle Paul said, "We walk by faith, not by sight." My friends, let us continue to have faith in this program. I thank you for your kind attention. I am one of the newer Members here and it has been with some trepidation that I have taken the floor today. I congratulate the

chairman and this great committee upon their deliberations and the effort and study that they have given toward this bill, and I sincerely hope that we, as Americans and as leaders who love our country, will support and pass this legislation. If we err, let us err upon the side of strength.

Mr. RICHARDS. Mr. Chairman, will the gentleman yield?

Mr. BYRD. I yield to my chairman.

Mr. RICHARDS. I congratulate my colleague on the very splendid statement he has just made and congratulate him on the dedicated sentiments he has expressed. I join with him in that expression and join with my former chairman with whom I traveled in Asia last year on this common ground—we may authorize and appropriate billions for defense—this Congress may authorize and appropriate billions for foreign aid—but unless we have the blessings and the consent of a power higher than the United States, this program will never succeed. I believe we are right and that this program will succeed.

The CHAIRMAN. The time of the gentleman from West Virginia has again expired.

Mr. RICHARDS. Mr. Chairman, it is a great pleasure to yield 5 minutes to the distinguished and able chairman of the Committee on Merchant Marine and Fisheries, the gentleman from North Carolina [Mr. BONNER].

Mr. BONNER. Mr. Chairman, I shall not attempt to make an address on the bill as a whole. I merely wanted to call to the attention of the House two articles which I placed in the Appendix of the RECORD yesterday, fearing that the time would be so precious that I would not have time to say to the House what those articles convey.

The first article is on a telegram sent by the Farm Bureau to Members of Congress. I am a member of the Farm Bureau. I own a farm. I am active for the Farm Bureau. But the Farm Bureau should blush. I believe in subsidies. I believe in agricultural aid, but the writer of this telegram certainly did not know what he was talking about when he drafted the telegram. The very idea that the 50-50 shipping program placed the farmer at a competitive disadvantage with other countries having the advantage of lower agricultural rates, is absurd. If the farmer wants to know the truth, the merchant marine, our reserve fleet anchored down here in the James River, up in New York and out on the Pacific coast, has supplied free subsidy to the agricultural program, over 400 vessels for free storage of grain that the Commodity Credit Corporation has not paid one cent for. As for foreign governments, they have a right to run their business as they want to. Tobacco in some foreign countries is a monopoly. When this year came in there begins to be in the press of foreign countries adverse articles on our 50-50 program. The Washington Post had an article, so immediately I called our Committee on Merchant Marine and Fisheries together and held hearings. I brought down the top men who handled this program in the Department of Agriculture, in FOA,



and General Services. In the report, which is conclusively borne out by the hearings, here is this statement:

There was unanimity among all witnesses from both Government and industry on one point. There was no basis in fact whatsoever for the charge that shipments to foreign countries of surplus agricultural commodities are being delayed by reason of the Cargo Preference Act.

I was approached and told that one great Nation would buy so much of an agricultural product in which I am interested, if this act were repealed. There was also in that bill of goods cotton and some other commodities. This great nation did not complain about cotton to the Department of Agriculture. They did not complain about other commodities. They complained about one commodity in which I happened to be interested. There was no amendment introduced to repeal the 50-50 law, and that country has since bought the commodities that they were negotiating for.

It has come to a sad state of affairs as shown by the former chairman of the Merchant Marine Committee, the distinguished gentleman from Washington [Mr. TOLLEFSON] when he speaks of the tactics used by foreign countries in their propaganda against the 50-50 shipping act—their effort is in behalf of their own merchant marine—and against our welfare.

This morning before the Committee on Merchant Marine the question was asked of the president of one of the great shipping lines of this country what effect the repeal of this 50-50 act might have on the merchant marine. Commodore Robert C. Lee, vice president of the McCormick Line, answered as follows:

We believe that it would mean a layup of from 10 to 15 ships, displacing many men from employment. For a great many years the Congress of the United States has sought as a goal an American merchant marine that would carry the majority of its foreign commerce. The owners certainly have maintained that position as far as we could with foreign shipping countries; and with the repeal of this—

He says—

It would show the foreign nations that we are no longer interested in the American merchant marine.

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

Mr. BONNER. Will the gentleman from South Carolina give me 1 additional minute?

Mr. RICHARDS. I am terribly sorry, my time is allotted.

Mr. BONNER. Will the gentlewoman from Ohio give me 1 minute of her time?

Mrs. FRANCES P. BOLTON. Mr. Chairman, I yield 1 minute to the gentleman from North Carolina.

Mr. BONNER. I thank the gentlewoman.

On page 505 of the hearings the gentleman from Ohio [Mr. VORYS] is interrogating Mr. Paul. Mr. Paul has been with this program since its inception. He asked:

What effect does the 50-50 bill have on cost to the program?

That is on page 505:

Mr. VORYS. How much of the \$13 million is to go in American bottoms?

The dialogue continued and Mr. Paul said:

We cannot give it to you at the present time.

They say they will furnish it later. On page 778 we find it has been placed in the record with the statement:

The following information has been submitted for the record in response to Mr. VORYS' inquiry on page 505.

With reference to an inquiry by Congressman VORYS, it is estimated that there will be an added cost of \$55,000 resulting from compliance with the 50-50 shipping requirements.

Now, there is the case.

Mr. RICHARDS. Mr. Chairman, I yield 8 minutes to the gentleman from Texas [Mr. DIES].

Mr. DIES. Mr. Chairman, I have listened with a great deal of interest to the optimistic speeches delivered by proponents of this measure. I wish I could share in their optimism; I wish there were some foundation in fact to support that optimism. It would be a very comforting feeling to me if I thought that by an appropriation of billions of dollars we could ensure the peace and freedom of the world. But, Mr. Chairman, I am compelled to be realistic when I realize that I am the custodian and the trustee of future generations, that the money authorized to be expended here today will not represent money earned by this generation or paid by this generation, that it represents money that will have to be paid by our children and by their children and that for every dollar they will pay in principal they will be compelled to pay an additional dollar or more in accumulated interest.

I have read the preamble to this report in which the committee seeks to prove its case by affirmation, and you know that is one of the favorite methods of proof—by affirmation—you affirm a fact, you say, "If it had not been for the millions and billions we spent we would already be at war, or Russia would be far more formidable than she would have been in the absence of the program." Of course, you can neither prove nor disprove that statement. The truth of the matter is that Russia has made tremendous strides and this program has not prevented it. Today she presents a more formidable menace to the world than she did 4, 3 or even 2 years ago. Every year communism is biting off more and more of the earth and the population and the resources of the earth. In fact, they could not move any faster if they wanted to because they are compelled to digest as they move forward in their aggressive course.

Mr. Chairman, of course I would not preclude or foreclose the possibility of a peaceful solution of this fundamental issue between the free world and Russia. It is not within my province nor within my gift to foresee what will happen in the future. However, I can only judge by history and from what I read in history.

I have never known of a militarized country, which built up a juggernaut of

terror, and which devoted a large part of its revenues and resources to military armament, that did not eventually precipitate a world struggle. It is not a matter of whether the present rulers of Russia want to fight or not. They are usurpers, they are holding their power, not with the consent of the people, not legitimately, but because they seized, ruthlessly and illegally, the reins of power and hold their subjects or slaves in subjugation. They dare not stop. As Napoleon Bonaparte said, "I wanted peace, but I dared not stop."

There is no stopping point for Russia. Russia is biting off something every year and the non-Communist countries are retreating. Can you name a single year that we have not surrendered something? Have we not surrendered recently some of the islands surrounding Formosa? Are we not preparing to surrender Matsu and Quemoy, and are not the apologists already laying the predicate for the surrender of other positions?

Mr. Chairman, Russia is the strongest military power in Europe and Asia, and if she wanted to advance her armies tomorrow she could do so without successful opposition on continental Europe. Does anyone believe that France could interpose any serious obstacle to the invasion of France or that Belgium could stop her? Russia, with the greatest land army on the face of the earth, is devoting a large part of her resources and her revenues to the increase of her great armament. Yet, you tell the people of America that by the expenditure of \$3½ billion or 10 or 20 billion dollars you are building a military and economic machine abroad that will stop Russia?

Do you know what has stopped Russia to date? Two things. One, she has been able to gain what she wanted without fighting for it. The rulers of Russia have been very clever. As long as they can get a large share of Indochina, of Korea, of the Far East and of Europe, as long as they can enlarge their dominion short of war, they have been content to do so. Another thing that has deterred Russia has been the possession by the United States of nuclear weapons, but that great advantage is being overcome. The only thing that America can do, if we are realistic, is to make ourselves so strong militarily, economically, and spiritually that, with the help of free and willing allies, we can deter the aggression of Russia as long as possible, and finally, when the Russian dictators do what Mussolini, Hitler, Charlemagne, Napoleon, Caesar, and all dictators have done in the history of the world without a single exception, that we will be prepared to defend the peace, the freedom, and the integrity of the United States and the free world. But, to say that we can continue to pour billions of dollars into the East or into Europe and thereby purchase freedom, and security, is simply to ignore the lessons of history.

Mr. Chairman, I compliment the gentlemen upon their high and noble purposes, but we have sought by unrealistic and unpractical policies for several decades to deal with Russia. We went



through a period of 20 years of appeasement in which we coddled the Communists at home and abroad, and then we tried the policy of bluff and talk and that did not work. Then we embarked upon a program of trying to buy friends throughout the world. Of course after World War II it was wise and necessary to extend economic aid to countries which had been ravaged by war and were particularly vulnerable to communism. But the program has outlived its usefulness.

Let me make this prediction in closing: The day will come when every one of you will deeply regret having voted these billions of dollars of your great grandchildren's money to continue this program indefinitely.

Mr. RICHARDS. Mr. Chairman, I yield myself 8 minutes.

Mr. Chairman, I have listened with great interest to my friend, the gentleman from Texas [Mr. DIES], as I always do. I heard him charge this committee and this country with defeatism. I heard him say that we are retreating. Yet, he gets up here and espouses a policy that would be the essence of defeatism and the extreme of retreat. I have great respect for the record of the gentleman from Texas in uncovering subversion in this Government and in exposing communism, but I would call to the attention of the gentleman from Texas that a disease may strangle you from without as well as poison you from within. My friend is a great historian, and he talks about Caesar and Alexander the Great and Napoleon. On other days I have heard him talk about the military genius of Stonewall Jackson and Robert E. Lee. But, does not the gentleman remember that the South was defeated not around Richmond by great armies at the center, at the heart of the body? The South was defeated when the Confederacy was divided by taking over the Mississippi and the defeat at Vicksburg. The South was not defeated at Richmond by the armies of Grant. The South was defeated because the South was blockaded. It was cut in half by taking control of the Mississippi and because Sherman marched through the South and brought about the situation which Sheridan described in the Shenandoah Valley, that when a crow flew over it, it would have to carry its own rations.

Now, the gentleman has voted for \$344 billion for defense since the Second World War. He voted to spend \$290 billion in fighting the Second World War to defeat another form of imperialism, and if he had been here, he would no doubt have voted to spend \$18 billion in the Korean conflict, and now he says we are making a vital mistake because we are going abroad to find some friends to stand at our side.

The gentleman from Texas [Mr. DIES] talks about Rome. Does the gentleman remember the Punic wars, when the Carthaginian host was encircling Rome? Year after year, general after general tried to defeat the Carthaginians under Hannibal. But they did not. Cato rose in the Roman Senate, month after month and year after year and said, "This is the wrong thing to do. You are trying

to defeat the armies of Carthage on the plains of Rome. What you have to do is to destroy Carthage." It was not until Rome changed its strategy that Carthage was defeated. Had Rome insisted on fighting her battles at home the history of the world would have been different. This House and this Congress and this administration have a fight on their hands to destroy communism. You will not do it by having great armies and spending great funds and sending our boys out to fight and to die and at the same time refuse to spend one-tenth of those amounts to help other countries to stand by our side.

The gentleman says that they will not stand there. I say to him to read what General Gruenther said, as set out in the report. He says we can stop the Russians now. Out of this program there will be 6,000 well-manned planes and there will be division after division that was nothing but a shell before. They are ready in Europe. Tank after tank, division after division, plane after plane are standing there and at last we have developed a unified Europe and a unified command.

That is what we have to have. We have got to defeat international communism. Lenin said and Stalin said that there would be a battle sooner or later to the death. The gentleman agrees that there will be a battle to the death and we are determined that we are not going to be the ones to die. But we will never defeat them if we are so circumscribed and narrow in our views that we make a Fortress America and keep ourselves from being poisoned from within, but do nothing to keep ourselves from being strangled from outside.

I do not have any issue with communism, if it is not international communism. If the peoples of Russia or Yugoslavia or any other country say that is the kind of government they want, that is their business. But when they go into international communism, then they are out to destroy us and we have to defeat them. But we will never do it, if we plan our program to defeat them on the doctrine of the gentleman from Texas [Mr. DIES].

I assume the gentleman is against this foreign aid program. He was against it last year. He has a perfect right to be against it. But I say he is standing on weak ground in the argument that he makes. The gentleman talks about there being weakness on the Communist side today. I do not know whether anyone here saw a reprint in one of the Washington papers not long ago of some few lines by Kipling. They are just as true today as they were 40 or 50 years ago, when he said, "Beware of the Russian Bear when he whines."

Believe me, he is whining today. If he were not whining, he would never have gone to Austria. If he were not whining, he never would have gone to Yugoslavia, where one of his former minions practically turned up his nose at him. If he were not whining, you would not find Mr. Molotov in San Francisco. If he were not whining, then you would not find Mr. Molotov running all over this country seeking good will. So beware of the Russian bear when he whines.

Mr. Chairman, have you ever seen a champion prizefighter in action? Does he let up when his opponent is hurt? The armed services do not believe in letting up, because this year there is \$2 billion more in appropriations for them than there was last year. I am for that. And I believe the gentleman is for that. But the gentleman is not for one single dollar to help anybody anywhere, who are his friends. I do not think that doctrine makes sense. A champion when he has his opponent on the ropes and hurt moves in to finish the job, and that is the job we have to do here today.

Mr. Chairman, I yield 1 minute to the gentleman from Arkansas [Mr. HAYS].

Mr. HAYS of Arkansas. Mr. Chairman, the gentleman from Iowa [Mr. DOLLIVER], the gentleman from New York [Mr. OSTERTAG], the gentleman from Michigan [Mr. DINGELL], and I had planned to ask the House today to hear us in a discussion of the important message the President sent to the House on yesterday reporting on the work of the Commission on Intergovernmental Relations. It is not an appropriate time to discuss it, but certainly we should not let this day pass without calling attention to what the President said. One short sentence relates to our efforts here. He said:

In our time, however, a decade of economic crisis followed by a decade of war and international crises vastly altered Federal relationships. Consequently it is highly desirable to examine in comprehensive fashion the present-day requirements of a workable federalism.

For that reason, Mr. Chairman, I expect within the next few days to ask the House for an opportunity to present some of the recommendations of the Commission, composed of 10 Members of the House and 15 others appointed by the President.

Mr. DOLLIVER. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Arkansas. I yield to my friend, the gentleman from Iowa.

Mr. DOLLIVER. Mr. Chairman, I express the hope here and now that Members of Congress will give some attention to the report of the Commission on Intergovernmental Relations. This Commission is the creation of Congress; and the creator should not ignore its own handiwork.

This report has some very significant suggestions in it which I believe will be of value to the Congress and to the State and local governments. Perhaps these suggestions could be termed "guide lines." Obviously this is not the time to call these specifically to the attention of the Members.

I express again the hope that this volume which came to your desks this morning will receive some attention from each and every Member of this great body. I further express the hope that the work of the Commission may prove illuminating and helpful in the arduous work of the Congress.

Mr. HAYS of Arkansas. Mr. Chairman, I trust that the Committee on Government Operations will be able to give attention to the details of this report, and that appropriate legislative action will follow.



Mr. OSTERTAG. Will the gentleman yield?

Mr. HAYS of Arkansas. I am glad to yield to my friend, the gentleman from New York, a member of the Commission on Intergovernmental Relations.

Mr. OSTERTAG. Mr. Chairman, some 2 years ago, the President recommended and Congress approved the creation of a Commission on Intergovernmental Relations. Its assignment, as defined in Public Law 109, was to study the proper role of the Federal Government in relation to the States and their political subdivisions, to the end that these relations may be clearly defined and the functions concerned may be allocated to their proper jurisdiction.

This week the Commission submitted its report to the President and to Congress. It is the first official study of national-State-local relationships since the Constitutional Convention of 1787. It will, I believe, prove to be a valuable landmark in the development of our Federal system of government. Taking its bearings on the North Star of our system, the Constitution of the United States, the study provides a useful and significant chart of where we started, where we are today, and where we are going. It pinpoints some of the reefs and shoals that should be avoided, some of the storm signals we should heed.

One of its major contributions is its emphasis on the need for cooperation rather than competition among the three major levels of government. If we are to have a strong Union of strong States and localities, each must contribute its best citizens, its best thinking, its fullest support to that grand design.

There will be more than enough for every level of government to do in the coming years. If each level performs at maximum efficiency, dedicating its best efforts to the tasks within its jurisdiction and competence, we need have no worry as to overcentralization or the destruction of our federalism.

Politics, like nature, however, abhors a vacuum. The Commission's studies, together with the studies of its committees, highlighted the shift of power that has undoubtedly taken place in our Government in the past 20 years, but found that it was due in some measure to the dynamic growth of our society, and the failure at the State and local levels of government to recognize the implications of that fact. This is a finding without an assessment of blame. It is simply a fact with which we must reckon. The power to change it, to correct such imbalance as has occurred, still resides in the people. They can redress the balance any time they wish to do so. The Commission's report lays down the guidelines and suggests the rationale for continuance of our system of cooperative federalism. It is, among other things, a guide on how not to create governmental vacuums.

In submitting the report, Mr. Chairman, I believe every member of the Commission felt that it was an unfinished document. Had there been more time, we might have produced a better report.

This report can hardly be regarded as more than the groundwork for continuing studies along the same lines. With my colleagues, I share the hope that in the future, there will be periodic re-examinations of our Federal system, to ballast it, and insure that we hand it on to future generations in sound and workable form. Macaulay once warned that our Constitution was "all sail and no anchor," and students of government have sometimes feared there was more truth than poetry in the phrase. The tremendous stresses of the past 50 years, to which our Government has been subjected, may, for all we know, be only a foretaste of what will happen in the next 50 years. A periodic reexamination of our federalism, such as has been made by the Commission on Intergovernmental Relations, should help to insure not only that the ship of state has an anchor, but that it, and the anchor line, are in good repair, and ready for use as needed.

Finally, Mr. Chairman, I wish to say a word about the personnel of the commission. It was bipartisan in character, but nonpartisan in spirit. Although the members represented the greatest diversity of viewpoints, they worked almost single-mindedly, under the skilled and consummate chairmanship of Meyer Kestnbaum, to hammer out the widest possible areas of agreement. The result is a report which will, I believe, command wide attention, and which certainly deserves the most careful study.

(Mr. DOLLIVER asked and was given permission to revise and extend his remarks.)

[Mr. JUDD addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. RICHARDS. Mr. Chairman, I ask unanimous consent that all Members have the right to extend their remarks on this bill at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. PELLY. Mr. Chairman, when I learned the House Foreign Affairs Committee had adopted an amendment to S. 2090, the Mutual Security Act of 1955, which eliminated the 50-50 American-flag shipping preference clause, I happened to recall a survey made some years ago. This survey was a research study into shipping in my State of Washington.

I am sorry the information in that study is not available to me. I used information from it as a basis of a radio talk once and, as I remember, it was found that when an American ship came into the port of Seattle, over and above shoreside wages for loading and unloading, on the average \$18,000 was spent by the operators for food, supplies, laundry, and other requirements. Food and farm produce was a very substantial item, but the point I want to make is that this survey showed that 75 percent of the farms of my State of Washington directly benefited by the presence and purchases of American ships in our ports.

Products from 75 percent of the farms of my State went to supply American ships, and that represents a lot of money to the farmers if we have an American merchant marine and shipping is active. If I represented an agricultural district, I would think a long time before I would vote against the cargo preference for American vessels.

I do not like direct or indirect subsidies any more than other Members of the House, but in the national interest our merchant marine has to be subsidized—just like our farmers.

The cheapest form of subsidy is to provide cargoes. Eighty percent of our Government-generated cargoes under a preference clause goes at the same cost as foreign-flag vessels would charge. The balance costs the Government, not the farmer, a slightly higher freight rate as against low-wage foreign shipping rates. But compared with the boost it gives our merchant marine, the cost is low. Yesterday, the distinguished chairman of the Foreign Affairs Committee, the gentleman from South Carolina [Mr. RICHARDS], commented that this is not a ship-subsidy bill. That is true, but this is a security bill, and all the aid in this bill, both military and economic, is not worth much if a war comes and we do not have ships and crews to supply our NATO allies. Yes, this is a mutual-security bill and it is to the best interests of the United States and our friendly allies that America maintains a merchant marine. Should we subsidize idle vessels and set up more marine graveyards? How much better to simply say that half American taxpayer-financed cargoes should be transported on American taxpayers' ships. The 50-50 preference is the lowest cost and the most sensible type of self-help possible.

I have not heard anyone disagree with the Defense Department and the National Security Council and say an adequate American merchant marine is not essential. What are we supposed to do? Subsidize a lot of empty vessels and send them all over the world so our sailors can make a lot of friends in foreign ports. Our Navy does enough of that. Is it not the most logical thing in the world to send American-flag goods in American-flag ships?

I strongly urge the members of this committee to support a provision for the so-called 50-50 preference in transporting agricultural commodities.

I repeat: Send American-flag goods in American-flag ships.

Mr. MARSHALL. Mr. Chairman, one of the problems that we have is to evaluate the worthwhileness of the technical assistance program. On every occasion I am glad to discuss this with people who have had a firsthand knowledge of the work. Some people have criticized the program because they feel that it has not brought about the glamorous results that some of the proponents thought it would have upon its inauguration. At times, because some of these results have not been as glamorous as some have expected, they have been in-



clined to look at the program as a failure.

In talking with many of the people who have participated in it and observed it, I have come to the conclusion that it has made steady progress. It is a program that is winning a substantial number of friends to our side. It is a program that is bringing about prompt development. The program has materially improved the economic problems of some areas of the world that have been suffering from low standards of living because of low income.

Recently I had the opportunity of visiting with an old friend of mine, Prof. A. J. Schwantes, head of the division of agricultural engineering, University of Minnesota. Professor Schwantes is not a theoretical dreamer; much to the contrary, he is a realist in every sense of the word. Recently, he did some work in Egypt and informs me that the progress in that area has been significant. During the time that he was there, an agricultural extension system was set up that is similar to the one in the United States. The office of the Director of Extension was set up in the Ministry of Agriculture and extension offices were established in various parts of the country. This is an entirely new concept of education in that country and should go a long way toward informing the people of new methods and improvements.

The basic idea is to assist these underdeveloped countries in helping them to help themselves. As Professor Schwantes stated, the setting up of an Extension Service is certainly a great step forward for the people of that disease-infested, poverty-ridden area. Out of this start, I predict that much will come to improve the lot of the people of Egypt. Because of our assistance we certainly will have friends that otherwise we would not have had. A kinder feeling will be generated to the people of the United States that will be of a lasting benefit to us.

Recently on Edward R. Murrow's program, an old friend of mine, Walter Packard, was given recognition for the work which he had done in Greece. A statue was erected to commemorate his work in a farm community in Greece that was rapidly coming under the dominance of communism. Because of Walter Packard's energy and foresightedness, that area in Greece has overthrown the threat of communism. The economic conditions have improved and they are friendly to the United States.

Time does not permit me to go into all of the areas of the world where we show progress. I readily admit that there are areas where we have failed. Sometimes our personnel have not exercised the common sense and industry that they might have to make the best use of the opportunities that the Congress has provided. I have tried to weigh the results of this program by evaluating the information which I receive and upon that evaluation, I am willing to support this program. One of the distinguished Members of the other body made a remark that we would have to learn to live with the world or die together. My

feeling is that those words were well spoken. We will do more to bring about peace on earth, goodwill toward men, by giving a helping hand than we will by extermination through the sights of a gun barrel or the wipeout of our civilization with a hydrogen bomb.

Mr. Chairman, I am willing to support this program because I believe that it is a fundamental program that provides peace and security to the United States of America.

Mr. WOLVERTON. Mr. Chairman, the bill now before us to continue the Mutual Security Act authorizes the appropriation of \$3,285,800,000 to continue the mutual security program for another year. This is \$139,200,000 less than the amount requested by the executive branch. If approved by the Congress it will exceed the amount appropriated last year for the same purpose by \$504,300,000.

This foreign-aid program was inaugurated at a time when it was necessary. The purpose was justified, namely, to strengthen nations that were weak and threatened to be engulfed by communism. These nations required both military and economic strength if they were to withstand the onslaughts of forces opposed to free government. We recognized the necessity of our giving help to them. We have done so unstintedly. In fact lavishly. No one will deny that great good has been accomplished and that some of the weaker nations were saved from communism. Even some of the larger nations were similarly benefitted.

The major part of our military and economic assistance has been given to European nations in past years. Now, however, the need for our financial aid in that area has greatly diminished, but, the need in the Far East has increased tremendously. In this latter area communism has already made gains to such an extent that a real genuine peril exists. If the inhabitants of Asia are not strengthened as they seek to stem the tide of communism they will all fall under the power of Soviet Russia. Already many millions of them have come under the power and influence of communism. The battle that confronts the free nations of the world is now largely in Asia. It would be disastrous if we should lost that battle. We cannot afford to lose it. We must win it if we have any regard for our welfare in the years that lie ahead.

While I am fully cognizant of the dangers that beset us and the free peoples of the world, and, while I recognize the necessity of our extending aid in the continuing struggle against the forces of communism wherever it shows its ugly head, yet, I am conscious of the fact that America should not be expected to carry the entire financial burden. I am fearful that there are some nations that are perfectly willing to have us do so and will permit us to do so as long as we are willing.

I am of the opinion that the time has come when we must give a careful consideration not only as to the need but the extent to which we can or should be the sole source of aid. It is becoming

more and more apparent to our people that our continuingly giving aid throughout the world is draining our own resources and compelling our people to carry a heavy tax burden and deny themselves many worthwhile projects that otherwise would be possible. Our need for schools, hospitals, more adequate old-age assistance, and improved living conditions by elimination of slum areas is apparent to all of us. And yet we do not meet these obligations as fully as we should because of the heavy burden we have assumed in giving aid throughout the world.

It is imperative that we consider this whole matter from the standpoint of our own national welfare as well as our obligation to the world. If we destroy our financial stability by a too openhanded giving throughout the world, then we could be of no further help to either the world or ourselves. We must be realistic. Thus, it seems to me that it would be highly appropriate as well as necessary to carefully consider whether it is necessary to authorize the full amount provided for in this bill, namely, \$3,285,800,000 when there is at the present time an unexpended balance of \$8.7 billion. It may be that some of this has been obligated, and, if so, that fact would have to be taken into consideration. However, it does not seem to me that there has been any satisfactory explanation as to the status of this sum of over \$8 billion, and, that consequently as it does not appear to have been expended, then there is no need or necessity to appropriate the full sum of \$3,285,800,000 authorized in the pending bill.

I trust that before the actual appropriation of this or any similar sum is made that a careful study will be made. We should not overlook the fact that if the amount authorized in this bill or any considerable part of it could be saved, then we could look forward to an approach to a balanced budget within a comparatively short time.

The CHAIRMAN. All time having expired, the Clerk will read the bill for amendment.

The Clerk read as follows:

*Be it enacted, etc.,* That this act may be cited as the "Mutual Security Act of 1955".

SEC. 2. Title I, chapter 1, of the Mutual Security Act of 1954, which relates to military assistance, is amended as follows:

(a) In section 103 (a), which relates to authorizations, add "(1)" after "(a)", and add the following new paragraph:

"(2) In addition, there is hereby authorized to be appropriated to the President to carry out the purposes of this chapter not to exceed \$1,278,000,000 to remain available until expended."

(b) Section 103 (c) is hereby repealed, and the following is substituted therefor:

"(c) When appropriations made pursuant to subsection (a) of this section are used to furnish military assistance on terms of repayment within 10 years or earlier such assistance may be furnished, notwithstanding sections 105, 141, and 142, to nations eligible to purchase military equipment, materials, and services under section 106."

(c) Amend section 105 (b) (1), which relates to conditions applicable to military assistance, to read as follows:

"(1) The Congress welcomes the recent progress in European cooperation and reaffirms its belief in the necessity of further



efforts toward political federation, military integration, and economic unification as a means of building strength, establishing security, and preserving peace in the North Atlantic area. In order to provide further encouragement to such efforts, the Congress believes it essential that this act should be so administered as to support concrete measures to promote greater political federation, military integration, and economic unification in Europe."

(d) In paragraphs (2) and (3) of section 105 (b), strike out "Near East, Africa, and South Asia" and "the Far East and the Pacific" and insert "Near East and Africa" and "Asia," respectively.

(c) In paragraphs (2) and (3) of section 105 (c), which relates to geographic delivery ceilings, strike out "Africa, and South Asia" and "the Far East and the Pacific" and insert "and Africa" and "Asia", respectively.

(f) In section 108, which relates to transfer of military equipment to Japan, strike out "1955" and insert "1956".

The CHAIRMAN. The Clerk will report the committee amendments.

The Clerk read as follows:

Committee amendment: On page 2, line 2, strike out "\$1,278,000,000" and insert in lieu thereof "\$1,133,000,000."

The committee amendment was agreed to.

The Clerk read as follows:

Committee amendment: on page 2, line 4, insert:  
 "(b) In section 103 (b), after the word 'chapter', insert 'and of section 124'."

The committee amendment was agreed to.

The Clerk read as follows:

Committee amendment: Page 2, line 6, strike out "(b)" and insert "(c)."

The committee amendment was agreed to.

The Clerk read as follows:

Committee amendment: Page 2, line 14, strike out "(c)" and insert "(d)."

The committee amendment was agreed to.

The Clerk read as follows:

Committee amendment: Page 3, line 1, strike out "(d)" and insert "(e)."

The committee amendment was agreed to.

The Clerk read as follows:

Committee amendment: Page 3, line 5, strike out "(e)" and insert "(f)."

The committee amendment was agreed to.

The Clerk read as follows:

Committee amendment: Page 3, line 9, strike out "(f)" and insert "(g)."

The committee amendment was agreed to.

Mr. BENTLEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BENTLEY: On page 2, line 2, strike out "\$1,133,000,000" and insert in lieu thereof "\$1,033,000,000."

Mr. VORYS. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. VORYS. Mr. Chairman, I believe the committee has just worked its will on that amendment, so that the gentleman's amendment is not in order.

The CHAIRMAN. The gentleman is correct. The committee amendment had already been adopted. The point of order is sustained.

Mr. BENTLEY. Mr. Chairman, may I reintroduce my amendment as an amendment to the committee amendment?

The CHAIRMAN. It would be subject to the point of order that the gentleman from Ohio has just made. The committee amendment has already been adopted. The gentleman should have offered his amendment as an amendment to the committee amendment.

Mr. BENTLEY. Mr. Chairman, I was seeking recognition.

Mr. Chairman, I ask unanimous consent to introduce my amendment as an amendment to the committee amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

Mr. VORYS. Mr. Chairman, reserving the right to object, and I hate to object, I think if we start upon that course, after we dispose of something then to go back and redebate it, we will be here a long time. I feel constrained to object.

The CHAIRMAN. Objection is heard.

Mr. DIES. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the gentleman from Minnesota and the gentleman from South Carolina took me to task for my remarks in opposition to this bill.

There is one very grave implication which I got from their speeches; that is, we are not only called upon to vote this authorization but it will be our obligation to continue to authorize funds as long as there is a cold war.

If that is true, then we face bankruptcy or the fulfillment of Lenin's interview in the New York Telegram in 1924 when he said:

Some day the Soviet Union will compel the United States to spend itself to destruction.

They ask me, "What would you do?" I will tell you what I would do. I would proceed upon a realistic premise. I would take the Kremlin's leadership at their word. They have said since the very beginning of the revolution that their ultimate objective is world conquest, and that they will never stop until they conquer the world. Having accepted that premise, I would build America so strong economically and militarily and spiritually that the Kremlin would not dare attack us. Or, if they did attack us, we could prevail. I would seek the real and honest cooperation of every country interested in preserving its integrity and independence.

You cannot build this country economically strong when you continue to pour billions of dollars abroad to countries that in time of emergency may fold up over night.

What is wrong about being realistic? What is wrong about being truthful and candid? I am convinced that some countries are playing us for a bunch of suckers, and you know it and I know it. They are getting everything they can from the United States. The program was justified immediately after the war

when the countries were bankrupt, but why can we not tell our friends, if we have friends abroad, that we owe more money than all of the rest of the world put together? If we will tell our friends the truth they will not expect us to continue a spending program which endangers our solvency.

What are you going to do about your children and your grandchildren? If we are honest as a nation, can we justify these programs when the burden of them will fall not upon us but upon our children?

If we really believe in this program, why do we not vote new taxes now to pay for it? I would like to see how many of these great bleeding hearts will be willing to pour their money out; how many of them are willing to give their own money?

I have an acquaintance who inherited a lot of money. She rides around in a big automobile. She is always talking about how she sympathizes with the oppressed people in the world and what America should do to help unfortunate countries and peoples. I once asked her, "If you really believe that, why don't you give away your money? Why don't you share some of our own wealth?"

If we really want to help the peoples of Europe and believe that this is a sound and a justifiable program, why has not this Congress and this administration the honesty and the candor to impose the necessary taxes so that out of your pocketbook and mine the money will come? Why do you continue to put it on your helpless offspring and leave them a staggering legacy of debt?

What proof do you have that your program is working? Is Russia any less strong today than she was when your program began? Has she less armies, has she less submarines, has she less airplanes?

I say to you and I say to you very frankly, Mr. Chairman, that I believe that much of the urge for this money is the desire to continue this appearance of prosperity by creating foreign markets for our products with our children's money. I think a lot of it is pure politics just as it was after World War I, to continue inflationary conditions. Suppose we had to do what the States and the cities do when we spend money? If we had to go out in an honest and open market to get this money; do you think we would spend it? Why does not your State of Georgia or the State of Texas and the other States accumulate great deficits? They do not do so because they cannot inflate the currency. They cannot go down to the Federal Reserve System and by the painless but dangerous method of trading Government bonds for Government credit create something out of nothing.

Mr. Chairman, I know that nothing I can say will in any respect stop this program. I simply want to go on record as saying that it is a foolish program. It is not justifiable.

Mr. ROOSEVELT. Mr. Chairman, I have two amendments at the Clerk's desk and inasmuch as they deal with the same subject, I ask unanimous consent that they may be considered together.



The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

The Clerk read as follows:

Amendment offered by Mr. ROOSEVELT: Page 2, after line 13, insert the following subsection and reletter subsequent subsections accordingly:

"Amend section 105 (a) by inserting (in lieu of the last sentence) the following two sentences:

"The President shall be satisfied and shall receive commitments, that such equipment and materials will not be used to undertake any act of aggression against any nation. The President shall report to the Congress pursuant to section 534 of this act, giving complete information with respect to said commitments received by him."

Amendment offered by Mr. ROOSEVELT: Page 3, after line 8, insert the following new paragraph:

"Amend subsection (a) of section 106 by adding at the end thereof, a new sentence as follows:

"The President shall report to the Congress pursuant to section 534 of this act, giving complete information with respect to said commitments received by him."

Mr. ROOSEVELT. Mr. Chairman, I ask consideration of these amendments because as the chairman of the Committee on Foreign Affairs will remember, I appeared before the committee on behalf of those who are seriously disturbed that our commitment to send arms and equipment to various places, particularly in the Middle East was going to contribute not to peace but possibly to future aggression. I believe that through these amendments, the Congress can become informed of the particular commitments made by such nations as they receive American help, that true aggression will not take place. This is called for by the law as it presently stands. But, the Congress especially, does not have adequate information as to the exact forms in which these commitments may have been made. I believe in future years, as has been predicted here, certainly the Congress cannot continue to provide the money and particularly it cannot give arms and cannot sell arms unless it knows that truly adequate commitments have been received by the President of the United States. I believe, too, that if we expect the rest of the country to support this program, they are entitled to know these facts which are in possession of the President. Unfortunately, in the past while they have been referred to, they have not been made public and made a part of the RECORD on which this Congress would act in future years. It may be said that some of this information, perhaps, is classified, and, perhaps, it might affect the security of our country. But, I would like to call attention to the fact that in section 534, there is already sufficient discretion given to the President. In making his semiannual, 6-month report, it is stated that he need not give any information which he deems incompatible with the security of the United States. So it obviously already protects the President from having to disclose any information which may be injurious to our common cause. Therefore, I hope that the chairman of the

committee will feel it is possible for him to accept this amendment in line with the testimony I gave before his committee.

Mr. WILLIAMS of Mississippi. Mr. Chairman, will the gentleman yield?

Mr. ROOSEVELT. I yield.

Mr. WILLIAMS of Mississippi. The gentleman made reference to a situation that exists in the Middle East which prompted him to offer this amendment. Could he say what countries are receiving arms which are liable to become aggressors?

Mr. ROOSEVELT. The nation of Iraq is now receiving military aid. It has been said that this military aid was given only after receiving assurances that it would not result in aggression, but I think the gentleman will agree with me that there is considerable reason to feel that unless this commitment was in very substantial form, in view of the past record of those countries in the Middle East, including Iraq, that such commitments would not be worth much. Therefore I think it is important that the commitment be made known so that the Congress can judge whether that military aid in the future is justified.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. ROOSEVELT. I yield to the gentleman from Iowa.

Mr. GROSS. How does the gentleman propose to determine "aggression?"

Mr. ROOSEVELT. I think that armed aggression against any country can be readily described as the crossing of the border of one nation by the armed forces of another for the purpose of invasion.

Mr. GROSS. But who is going to determine who starts this aggression? We have a lot of aggression nowadays. The shooting down of an American airplane off Alaska is either aggression or target practice. But who is going to determine what constitutes aggression?

Mr. ROOSEVELT. I will say that I presume the President of the United States is going to determine the aggression. I would term that kind of an incident "aggression." All I can say is that we have instructed the President to receive commitments that there will be no aggression, for whatever it may be worth, but I think when he receives them at least it is good policy for the Congress of the United States to know in what form those commitments have been received.

The CHAIRMAN. The time of the gentleman from California [Mr. ROOSEVELT] has expired.

Mr. RICHARDS. Mr. Chairman, I take the position that what the gentleman seeks here is provided by existing law, and there is no necessity for the amendment. There is no necessity for piling up language. Under existing law, section 105, the Mutual Security Act of 1954, which we seek to amend, we have a chapter on "Conditions applicable to military assistance." It says:

Equipment and materials furnished under this chapter shall be made available solely to maintain the internal security and legitimate self-defense of the recipient nation, or to permit it to participate in the defense of

its area or in collective security arrangements and measures consistent with the Charter of the United Nations. The President shall be satisfied that such equipment and materials will not be used to undertake any act of aggression against any nation.

That is the law today. I do not see any use in pinpointing any particular situation. This law covers the whole area.

Section 535 of the same law deals with reports to the Congress. I mention this in reply to one of the amendments proposed by the gentleman from California. Section 535 says:

The President, from time to time, while funds appropriated for the purpose of this act continue to be available for obligation, shall transmit to the Congress reports covering each 6 months of operation, in furtherance of the purposes of this act, except information the disclosure of which he deems incompatible with the security of the United States.

What more could the gentleman want than is already provided for in existing law?

Mr. ROOSEVELT. I agree with what you have read, and I agree that you have read the law correctly, but when a President makes that report I want to be sure that this information is in that report, because I feel that it has a great bearing not only upon the future backing up by the citizens of our country for this program, but it seems entirely possible that the President might choose to ignore this particular and most important subject, as he has in the past.

Mr. RICHARDS. I am sure the gentleman will admit that he can envision a situation where possibly it might not be well for the President of the United States to divulge such military information. The gentleman seemed to approve this in the provision in existing law, and existing law provides that the President—and properly so—when the security of the United States is involved should not be compelled to divulge this information.

Mr. ROOSEVELT. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield.

Mr. ROOSEVELT. That is exactly why I did not ask for the repeal of that provision. Therefore, this report that I have asked for can be made and at the same time it will be left to the President's discretion.

Mr. RICHARDS. It would not change anything, if that is the case.

Mr. ROOSEVELT. I think it would pinpoint it and bring information to us.

Mr. RICHARDS. It would simply pinpoint it.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield.

Mr. VORYS. Do not these series of amendments merely say, "Let's be sure that the law is enforced?" They do not ever say, "Let's be sure," they just say it in a tweedledee and tweedledum way. Is it not true that the mutual security agreements the gentleman is hinting about have been reported to our committee as provided by law and that the provisions he is worried about are in it?

Mr. HOFFMAN of Michigan. Mr. Chairman, I offer a preferential motion.



The Clerk read as follows:

Mr. HOFFMAN of Michigan moves that the Committee do now rise and report the bill back to the House with the recommendation that the enacting clause be stricken.

(Mr. HOFFMAN of Michigan asked and was given permission to revise and extend his remarks.)

Mr. HOFFMAN of Michigan. Mr. Chairman, this bill on page 2 carries the item, or did carry the item of \$1,278,000,000. If I understand the situation correctly, the committee or some members of the committee being advised that my colleague from Michigan [Mr. BENTLEY] intended to offer an amendment substantially reducing that amount, wrote a committee amendment cutting it \$145 million, I think it is.

I want to compliment the gentleman in charge of this bill for the very efficient, shrewd, and vigorous way in which he muzzles my colleague from Michigan [Mr. BENTLEY]. I do not believe in muzzling anyone. Permit me to call the attention of the committee to the fact that over on the next page there is an item of \$317,200,000. Then on subsequent pages there are other figures. On page 7 there is an item of \$24 million, and so on through the bill. So if it is desired to shut off anyone who wants to make a substantial cut in any bill brought in by the Committee on Foreign Affairs, all that is needed is to get some member of the committee to offer an amendment in the committee or on the floor reducing the amount stated in the bill by anywhere from \$1 to 50 cents; then when the bill comes on the floor with an amendment to really do something substantial the attempt will be met by a point of order which will be sustained, properly, under the rules, and the attempt fails.

If that kind of procedure is to be followed, all attempts to make substantial reductions in a bill will be made impossible. I do not like the way my colleague is being treated. The gentleman from Texas [Mr. DIES] asked the question here: "Why do we not levy taxes to pay the appropriations we make?" I know one reason that I have heard in the lobbies here, confidential, it was top secret, it must not be divulged; and the reason that was given there was that if we did the right thing we would all be defeated. It seems most selfish to vote huge sums to be given away and pass on to those who follow the job of paying the debt we create. Nobody in the House, as far as I know, is in favor of a pay-as-you-go policy, especially the Members who want to serve here. We vote to give away billions but we will not vote to provide the money.

I am against this bill. I intend to vote against it because it has not proved out in the past to be worth while. This bill imposes an additional burden on our taxpayers. But in addition to being opposed to the bill and wanting to strike out the enacting clause permit me to say that I do not like the procedure that was used against my colleague from Michigan [Mr. BENTLEY]. When any Member from Michigan is the victim of a procedure that is unfair, whether he asks me or not—and my colleague did

not ask me to make any protest—I intend to do so. Whenever that happens here I am going to make a protest and do what I can to stop that kind of adroit, efficient, legal, but unfair action.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. HOFFMAN of Michigan. Mr. Chairman, I ask unanimous consent to withdraw my preferential motion.

Mr. VORYS. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

Mr. VORYS. Mr. Chairman, I rise in opposition to the preferential motion offered by the gentleman from Michigan.

In the first place I hope we will have a vote on this motion to strike out the enacting clause. If it prevails, we can save a lot of time, because that would kill the bill right away. I think a vote on it will possibly show the degree of interest that exists at this stage of the consideration of the bill, and the result will show overwhelming interest.

So far as the point of order is concerned, I will gladly withdraw that myself. I did identify the item the gentleman had in mind. I feared very much if we started yielding to these unanimous-consent requests to return to matters that had been disposed of we would unduly prolong our consideration. But I offered to the gentleman informally, and I offer to him before the whole House my own unanimous-consent request that the point of order against the amendment be withdrawn. It is quite true that it is an item that was discussed in committee.

Mr. RICHARDS. Mr. Chairman, I would like to join in the gentleman's unanimous-consent request.

The CHAIRMAN. Does the gentleman from Ohio desire to submit a unanimous-consent request?

Mr. VORYS. Mr. Chairman, I ask unanimous consent that the point of order made to the amendment offered by the gentleman from Michigan [Mr. BENTLEY] be withdrawn.

The CHAIRMAN. Is there objection of the request of the gentleman from Ohio?

Messrs. GAVIN and MASON objected.

Mr. VORYS. Mr. Chairman, then may I say that is the only way I know of to correct that action. I do not agree that during the afternoon we will permit Members to go back to something that we have covered. That was the first instance and I possibly spoke too soon. However, I want to point out that the reduction of \$145 million in this first item is no trifling amount. It was an item that was taken out after considerable study in the committee and the reasons for it are shown at the bottom of page 10 of the report. That is, the \$145 million, which was presented as being essentially a reserve item for contingencies, we felt could be eliminated from the bill. I think it is a most important amendment and I was glad to see it adopted.

Mr. JUDD. I think it ought to be said for the RECORD that the motion to delete the \$145 million was made by the gentleman from Ohio in the committee.

Mr. VORYS. I sponsored it when another Member offered it.

Mr. MILLER of Nebraska. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. Does the gentleman from Ohio yield for a parliamentary inquiry?

Mr. VORYS. I yield.

Mr. MILLER of Nebraska. Would it not be possible if the gentleman wishes to return to the amendment that the gentleman from Michigan wished to offer for either the gentleman from Ohio or the chairman of the committee to move that we return to that item?

The CHAIRMAN. That cannot be done by a motion. It has to be by unanimous consent.

Mr. VORYS. Mr. Chairman, once more I renew my unanimous consent request that the amendment offered by the gentleman from Michigan [Mr. BENTLEY] be considered in order.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

Messrs. GAVIN and MASON objected.

The CHAIRMAN. The question is on the preferential motion offered by the gentleman from Michigan [Mr. HOFFMAN].

The question was taken; and on a division (demanded by Mr. HOFFMAN of Michigan) there were—ayes 44, noes 112.

So the motion was rejected.

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Chairman, I move to strike out the last word.

Mr. DAVIS of Georgia. Mr. Chairman, will the gentleman yield for a parliamentary inquiry?

Mr. GROSS. I yield.

Mr. DAVIS of Georgia. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. DAVIS of Georgia. If the gentleman from Michigan [Mr. BENTLEY] should offer his amendment again at this time, would he not have the right to ask unanimous consent that it be considered?

The CHAIRMAN. The Chair will entertain any unanimous-consent request that is presented. The Chair might state that when the committee amendment was read, the gentleman could have offered his amendment to the committee amendment at that time. The Chair put the question on the committee amendment, and it was adopted by a vote. It was not one of those that was adopted without objection. It was put to a vote of the Committee.

Mr. DAVIS of Georgia. My inquiry is, if he desires at this time to ask unanimous consent to offer that same amendment, he has that right, does he not?

The CHAIRMAN. The Chair will entertain the unanimous-consent request if it is presented.

Mr. GROSS. Mr. Chairman, I ask unanimous consent to proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. GROSS. Mr. Chairman, one of the speakers earlier this afternoon, the gentleman from West Virginia, said that



it was improper to call this a giveaway bill. I seem to recall that the Man from Galilee at one time warned certain people not to give away their country, and I seem to recall that less than a quarter of a century after the crucifixion the great capital of that country was torn apart block by block. Perhaps it is improper to call this a giveaway bill. Let me amend it to call it the foreign grab-bag bill.

Now, the gentleman from South Carolina, the distinguished chairman of the committee [Mr. RICHARDS], injected the Civil War into the debate this afternoon. The gentleman from Texas [Mr. DIES] needs no defense from me, but I am surprised that the gentleman from South Carolina did not mention the fact that no foreigners came trooping in with billions of dollars for relief for the southerners after the Civil War. Instead of that, out of the North—and I suspect there were some foreigners among them—came an army of carpetbaggers. They did not get help down there; the southerners worked their way out of their tragic plight after the Civil War. The gentleman also referred to the testimony of General Gruenther before his committee. I suggest that Members read the testimony of General Gruenther, and they will find that almost all of it is off the record.

I have been trying here for 2 days to find out what kind of military forces there are in NATO upon which we have showered billions of dollars. I cannot find out. General Gruenther told the committee that the Russians have 179 divisions and the satellite countries another 80 divisions, or approximately those figures. But I assume that the committee believes and General Gruenther believes—since the discussion off the record was within the discretion of the Committee on Foreign Affairs—that the Russians have no intelligence system and that they do not know how many battle-ready divisions there are in NATO. We know all about the divisions the Russians have and the satellite countries have, but we cannot find out anything about the number of divisions we have been buying or have not been buying in NATO. Who is kidding whom in this matter?

I should like to ask the gentleman from South Carolina [Mr. RICHARDS] about Battle Act enforcement. I believe there is some \$1,700,000 in this bill for enforcement of the Battle Act. Did the testimony before the committee develop that there have been any violations of the Battle Act?

Mr. RICHARDS. No direct violations were cited before the committee. We were assured by witnesses that they were trying to tighten up enforcement of the Battle Act.

Mr. GROSS. There were no violations, but they were going to tighten it up. Why tighten it up if there were no violations?

Mr. RICHARDS. None were cited before the committee. Certainly there have been violations, I would assume. What I am trying to say to the gentleman is that this bill does not try to loosen enforcement of the Battle Act.

Mr. GROSS. That is not what I mean. It is proposed to appropriate here

\$1,700,000 for enforcement of the Battle Act. Has that enforcement been effective? Was there any testimony before the gentleman's committee that it has been effective or ineffective? Is there need to continue the appropriation? Is the Battle Act a dead letter in the law? That is the question I want the gentleman to answer.

Since I cannot find out anything from the chairman of the committee with respect to the Battle Act, I shall have to find the proper point in the bill where I may offer an amendment to cut out the \$1,700,000 proposed.

Mr. RICHARDS. The gentleman has raised 3 or 4 questions which he has referred to me. If I had the time, I would be glad to answer them. I do not want to take the gentleman's time. I shall try to answer them later.

Mr. GROSS. Can the gentleman tell us whether the Battle Act has been effective?

Mr. RICHARDS. I think so. I do not guarantee that it will not be necessary to amend the Battle Act later. I do not know what will be done later. But I say that I think it has been effective.

Mr. GROSS. The gentleman says that the Battle Act has been effective and will continue to be effective?

Mr. RICHARDS. I do not guarantee that it will continue to be effective. The evidence before us was that it has been effective.

Mr. GROSS. I have here a news item off the news ticker and I think the House, while it is considering this bill, and particularly the appropriation proposed for the enforcement of the Battle Act, ought to have this information. It reads as follows:

Great Britain served notice today that she will use warships if necessary to keep the sea lanes open for her merchant ships to trade with Communist China. "Her Majesty's ships in the Far East have instructions to afford protection to British ships on their lawful occupation of the high seas," R. H. Turtin, Under Secretary of State for Foreign Affairs, told the House of Commons.

I wonder if, in the light of this item that was carried on the news wires at 1:28 this afternoon, the gentleman will still say that the Battle Act is being enforced or can be enforced? Here is printed notice that if we try to stop trade with Communist China the British Navy will run over us.

Mr. BASS of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Tennessee.

Mr. BASS of Tennessee. I appreciate my friend's yielding. He mentioned aid to the South. I would like to remind my friend that 70 years after the Civil War we got some aid long overdue to develop the great Tennessee Valley—70 years after the Civil War was over. But some of the very people who are espousing this great foreign-aid program of some \$50 billion since World War II realize that we have only received 2 percent of that amount of money which we will and are repaying and yet they are doing everything they can to take that aid, which we received in the South, away from us and put us back into economic chaos again.

Mr. GROSS. You waited 70 years, but the global spenders did not wait long to go over and build hydroelectric plants in Italy and France, did they?

Mr. BASS of Tennessee. The gentleman is absolutely correct.

Mr. DORN of South Carolina. Mr. Chairman, I move to strike out the last word, and ask unanimous consent to speak for 3 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. DORN of South Carolina. Mr. Chairman, I am very diffident and somewhat reluctant today to take this floor at all. All of you know the high affection and regard I have for my distinguished chairman of the South Carolina delegation. But I cannot conscientiously sit here year after year and see this program promulgated indefinitely into the future.

Just 2 or 3 weeks ago I read a newspaper article by the Honorable Harold Stassen in which he stated that America must share its wealth with all of the peoples of the world. He went further and said that this program should be permanent. I want to ask this House today, by what right or what justification should we come here year after year and now possibly for generation after generation and ask the American people to support this fantastic foreign aid program? On one hand we are asked to increase the national debt, as we did the day before yesterday, and then we are asked today for \$3.5 billion more for countries around the world.

I am told by many Members here from time to time that this foreign-aid program has helped stop the onward march of communism. Where do they get that information? It comes from the great generals, the so-called experts on foreign matters, presidents and prime ministers of other nations, those who have jobs in the aid program, and the foreign diplomats. These are the people who, I think sometimes, know less about it than anyone else or who stand to benefit by the program.

Mr. HALEY. Mr. Chairman, will the gentleman yield?

Mr. DORN of South Carolina. I yield to the gentleman from Florida.

Mr. HALEY. I wonder if anybody has heard from the American taxpayers? They have not had an opportunity to present their case here yet.

Mr. DORN of South Carolina. Absolutely not. That is a good point.

A few years ago I made a trip around the world, but before speaking of that I want to go back further and give you some experiences I had as an enlisted man serving under our great general in Western Europe in 1944 and 1945.

I remember well when committees of Congress, diplomats, and generals came over there to see how we, the enlisted men, were getting along. We had to clean the barracks, cut the grass, eat one good meal on the day these gentlemen came by to see how we were living, and then they came back and reported to the American people how well everything was getting along on the western front.



They did not tell about the shortage of ammunition, they did not tell about the fact that the beef was held up by strikes in New York and a lot of other places. The American people did not get the whole picture. We are certainly not getting the true picture today.

When I am overseas and I want to find out what is going on in the foreign-aid program, do you know what I do? Do you know what I did in Calcutta and do you know what I did in Manila? I listened to all of these diplomats who came in with these vast statistics—trying to prove to us what they were doing in foreign soil. But do you know what I did that night? I talked to the American businessmen in Calcutta, the representatives of many great business firms, the men who have to earn their livelihood by selling their products to the peoples of foreign countries. Without one single exception they said, "Are you men going to go back to the United States and continue to foist this humbug, this sham, on the United States of America and on the countries of the world?" These patriotic Americans were trying, by example, to tell the world about our wonderful opportunity system. But were often undermined in their efforts by this "something for nothing" program. One businessman told me that our aid representatives were driving people into the Communist Party by talking about Hollywood, automobiles, and luxury living in America. When these poor, illiterate foreigners who had been pleased just to be alive could not get their Cadillac or TV set, then they joined the Communists. Naturally the ones charged with administering the aid program overseas told everyone what a wonderful job he was doing so he could keep that job with servants and per diem.

I can tell you today I have a high regard for General Gruenther. Of course, he is a brilliant commander and a brilliant organizer. But do you think for one moment he can find out exactly, being way up at the top in his fine hotel in Paris, what the real thinking is at the grassroots level? What can he possibly know about the determination, the courage and stamina of our so-called allies? Ladies and gentlemen of the House, I have yet to see one single enlisted man come back and talk to me in my private home in Washington or in South Carolina but who says that this program is going to ruin the United States of America. These men tell me we are losing friends. They tell me about their buddies being beaten up, about their automobiles being damaged and signs painted on them reading "Go home, you dirty Yank."

Yes, Mr. Stassen and his crowd are for it. They want to make it permanent—because they have the best job giving away money that they ever had in their lives. Oh, my friend, America is being misled by these dreamers and idealists. Now let us have the real situation. The factories that we are building for jet aircraft in northern Italy, and other places are not only with 5 minutes of the Russian Air Force, but they are within a few hours of the Pan-

zer Divisions of the great Russian land Juggernaut. I charge today that in some war in the future my fellow countrymen, these resources of the taxpayers of America will be used against us all. The little people of the United States, are in just as poor condition, at least many of them, as the average Frenchman, Englishman, or Italian. I can tell you I saw more fur coats in Rome and Paris than I see in many sections of America. Yet we are the ones who are supporting this program of luxury for others. In fact, I saw more evidence of luxury in Rome and Paris than I see in Washington.

The world is on a spree and hayride with America picking up the check. This is fallacious foundation for friends, allies, and permanent peace.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. DORN of South Carolina. I am delighted to yield to my colleague from Iowa.

Mr. GROSS. I would like to read one paragraph from the hearings and the testimony of former Ambassador Bowles. He said:

Simply pouring money into countries that are not facing up to their own internal problems and their relations with their neighbors is folly. For instance, when you see Cadillacs and French perfume, champagne and evening gowns eating up a nation's foreign exchange so the people can't have bulldozers, fertilizer, electric motors, and penicillin, something is wrong. I, for one, grow weary of seeing us subsidize such situations.

It is of record that nowhere in the hearings of this committee, did any member of the committee, who supports this bill, ask the former ambassador to pinpoint the shocking situations he was talking about.

Mr. DORN of South Carolina. I thank the gentleman for his contribution. Of course, that is the situation in the world today.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. DORN of South Carolina. I am delighted to yield to the gentleman.

Mr. FULTON. On this particular program, 40 percent of this is military hardware.

Mr. DORN of South Carolina. I am glad you mentioned that point. Most of this military hardware that we have poured overseas—in the first place, we helped Russia. Then we helped the satellites of Russia. Now we are helping those within easy striking distance of the Russians. That is, within striking distance of the Russian Air Force and which can be taken over by their army. I say that most of this military equipment around the perimeter of Russia will be used against us when the real war starts. I would rather see 1 plane in the hands of a good, patriotic American than 25 planes in the hands of Nehru or Tito or the Italians or the French. I have seen them in combat. I know what I am talking about. We are pouring this military equipment and aid all over the world to be shot back at us just like the scrap iron which we sent to Japan was shot back at us by the Japanese. Do not forget, too, that many of the people

in England loaned Hitler the money with which to build his great military organization and it came right back at the British people. Yes, I agree with the gentleman from Texas this aid is a fraud and waste and will help Russia in her dreams of world conquest.

Mr. FULTON. May I ask the gentleman a question.

The CHAIRMAN. The time of the gentleman from South Carolina has expired.

Mr. FULTON. Mr. Chairman, I ask unanimous consent that the gentleman from South Carolina may proceed for 2 additional minutes so that I may ask him a question.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. FULTON. If the gentleman starts from the position where he feels we must defend America and America alone, have an island fortress out of this country, I disagree with him.

Mr. DORN of South Carolina. Let me answer that.

Mr. FULTON. But does the gentleman not feel that we should arm 500,000 German troops that are now coming into being and help them along and keep them on our side?

Mr. DORN of South Carolina. Yes, but I think they can arm themselves. They did a pretty good job of arming themselves under Hitler.

Mr. FULTON. Then you are partly for this bill.

Mr. DORN of South Carolina. No; but I voted for the Greek loan, and I voted for the Turkey loan. I have voted against every foreign-aid bill since then. Time and time again I favored bringing Spain into NATO. I introduced one of the first resolutions in 1948 calling for an Atlantic alliance. I spoke time and again in favor of Spain. But I did not advocate bribing them with money nor do I today.

Mr. ROOSEVELT. Mr. Chairman, will the gentleman yield?

Mr. DORN of South Carolina. I yield to the gentleman from California.

Mr. ROOSEVELT. Would not the gentleman agree that if we are going to give arms, the more information we can get about the conditions under which those arms are given, the more the American people have a right to it?

Mr. DORN of South Carolina. That is exactly right.

I want to say in answer to the gentleman from Pennsylvania [Mr. FULTON]: There has been a lot of talk about withdrawing to fortress America. I say we ought to adopt a positive policy. As the gentleman from Texas said, build the greatest air force in the world, and we could have had overwhelming superiority in the air today with the money that we have already thrown away. Then declare a Monroe Doctrine for the free world. The Monroe Doctrine did not cost anything. No one has ever violated the territorial integrity of South or Central America for any length of time. I say that with the money we have squandered all over the world we could have the greatest air force in the world today,



and we could have told Russia a long time ago, "Stay out of Western Europe. Stay out of southeast Asia." Russia would not have dared violate that doctrine any more than the greedy, power-hungry dictators of Europe dared to violate the Monroe Doctrine. When America has absolute control of the air, over the world we will have many friends and allies. If we become weak and hopelessly in debt we will find ourselves alone in a hostile world. That is what I believe. That is my philosophy. I am only trying to say today that you cannot buy courage, determination, the will to resist, fortitude, and honor with the money of the taxpayers of the United States.

The CHAIRMAN. The time of the gentleman from South Carolina [Mr. Dorn] has again expired.

Mr. GAVIN. Mr. Chairman, I move to strike out the last word.

Mr. MORANO. Will the gentleman yield for a parliamentary inquiry?

Mr. GAVIN. No. I do not want to take up the time.

Mr. FULTON. Mr. Chairman, I ask unanimous consent that the gentleman from Pennsylvania may have 3 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

(Mr. GAVIN asked and was given permission to revise and extend his remarks.)

Mr. MORANO. Mr. Chairman, will the gentleman yield for a parliamentary inquiry?

Mr. GAVIN. Yes, I yield.

Mr. MORANO. Is there an amendment pending before the House, Mr. Chairman?

The CHAIRMAN. There is an amendment now pending, the amendment offered by the gentleman from California [Mr. ROOSEVELT].

Mr. GAVIN. Mr. Chairman, at times I deeply sympathize with my good friend from the South. They brought up in this debate the War Between the States. But you know, with all my sympathy for you, I just wonder what you fellows would have done to the North had you won that war. Then again, I sympathize with you for the carpetbaggers' tactics and some of the abuses following the war. But let me tell you, my friends, that what the New Deal and the Fair Deal has done to us in the North in the last 20 years has been terrific. Certainly you have well repaid us in the North for any indiscretions that might have occurred immediately following the War Between the States. We have paid plenty. So I would say, let us forget about that war because you are now pretty much even. You have leveled it off pretty well in a very definite manner. I want to thank my good friend and colleague from Pennsylvania for giving me this additional time.

I have listened for 2 days to these flowery remarks about the chairman and minority chairman of the committee. I tried to get 2 minutes from my chairman and he flatly, and not too graciously, refused, even though we had 4 hours of general debate. Finally I got

2 minutes from the distinguished gentleman from South Carolina [Mr. RICHARDS]. I asked him for 1 more minute, and even though it appeared he might run out of speakers, he could not give it to me; but to the next speaker following me he gave 4 or 5 times an additional 5 minutes. So this opportunity is the only time I have had to really present my thinking on this bill.

Now they start off discussion today on economic recovery.

Then they switch over to national defense. What's in this bill pertaining to national defense no doubt can be readily accepted. However they did not want to get on to the economic features of this proposed legislation; they did not want a word about that. Let me tell you, after having made four or five trips to Europe as a member of the Armed Services Committee, that the people over there are well fed, well shod, well clothed. They are doing all right for themselves and let no one tell you otherwise. Consequently I feel it is about time that we sloughed off a little on our foreign aid spending and let them slug it out a little harder, and provide some relief for the long-suffering American taxpayer who has been carrying the load for the last 9 or 10 years. We have been deeply sympathetic to the unfortunate people all over the world for years. The American people have turned in a magnificent performance in aiding the peoples of the world. We can well be proud of this great record. Of late we have been talking about balancing the budget, let us get down to business and balance the budget. However, if we continue to extend the debt limitation as we did the other day by \$6½ billion we will never balance the budget. Today the Foreign Operations Administration has \$8,717,000,000 that is authorized but unexpended. Think of that, Mr. Chairman, they have \$8,717,000,000 unexpended. As I have said before, a million dollars is a thousand thousand dollars and a billion dollars is a thousand million dollars. They still have \$8,000 million that have been authorized but still unexpended; and yet the committee comes in here today and asks for \$3.5 billion more, which will give them \$12.2 billion for spending. It will take them at least 2 years to spend the \$8 billion already authorized but unexpended. I do not know what is the matter with our thinking. This spending must be contagious; I cannot understand the reasoning of the House to continue to authorize money when this agency has \$8,717,000,000 on hand to spend.

Mr. RICHARDS. Mr. Chairman, will the gentleman yield?

Mr. GAVIN. No; I am sorry I cannot yield to my good friends. I just want to say that this morning the proponents rose to heights of great oratory; they emotionalized and dramatized; they were entrancing. I was spellbound and nearly succumbed myself. They were quoting the classics; they recited verses; they were most appealing. The chairman and the ranking minority Member were engaging in as fine a demonstration of orating as I have ever heard on the floor of this House. However, being just an ordinary, practical, realistic Ameri-

can, I wondered what all this was about and how all these classics and literature were injected into the debate. Then the debate took another turn. After we got through the dramatizing the chairman of the committee got on the communistic threat. You know, that is the argument we have been listening to for years and it is pretty well worn out. We have heard that for 10 years and nothing has happened. It is time for a new theme. What we need today in our diplomatic areas around the world is just a little less British accent and a little more American guts. Are we still going to be scared into bankruptcy by this bogey of communism, we, America, without question the greatest Nation in all the world? Every time there is a growl from the Russian bear or a breeze wafts from the Kremlin, we look around to see where we can pour in more foreign aid. We—America—this great country of ours—why should we back up from anybody? Why should we take any threat from anybody? It is time to take a stand.

In 1947 when I came back from Europe, I recommended the immediate need for the rearmament of Germany. I talked and talked and worked. However, it took our diplomats almost 4 years before we finally recognized the sovereignty of Germany and today that Germany will be rearmed. So my colleagues, it is my opinion that you will not have any trouble with the Russians; they will be so busy looking after the Germans from now on that the Russians will not be harassing and taunting us or worrying us. Recently you did not see them come to the help of the Chinese Communists, did you? When we took a stand what happened? They backed away and you have not heard much about it recently.

Mr. RICHARDS. Mr. Chairman, will the gentleman yield?

Mr. GAVIN. I decline to yield to my good friend, whom I greatly admire but with whom I do not agree. Permit me to continue. When sovereignty was granted to Germany and the Russians realized that the Germans were going to take their place along the defense line with the French, the British, and the Americans, they changed their attitude mighty quick. Believe me, from now on out you are not going to be hounded, harassed, or taunted by the Russians.

This situation reminds me of when I was a boy; in all modesty I did not get hold of myself as quickly as I should have but I finally caught on. I was pushed and booted around quite often by the bullies in the neighborhood. One day I said: "Well, I have had enough of this." I moved in with everything I had. I still have a broken knuckle as evidence that I did a pretty good job. When I moved in on them ready to do business, why from that day on they let me alone and I had no further trouble. It taught me a lasting lesson and I have had no more trouble from that day to this.

Mr. Chairman, I say we have been pushed around long enough; it is time we showed the fighting spirit of the American pioneer who created, and built, and developed America into the greatest



Nation in the world. They did not back away; they stood up and met every situation that came along headon. So let us quit talking about Communist threats to sell foreign-aid programs. I for one am tired of hearing about Communist threats.

Now, getting back to practical, realistic thinking, we owe \$280 billion. That is a lot of money, two hundred and eighty thousand million dollars that the generations to follow us will have to pay by going out and earning the money by the sweat of their brows to pay the taxes to pay this bill—if it is ever paid. Even if we paid it off on the basis of \$3 billion a year, it would take us from 75 to 90 years to pay it off. So keep on until we spend ourselves into bankruptcy and you will get pushed around.

Mr. Chairman, a few days ago we were considering the postal pay increase bill. We heard for hours a lot of arguments pro and con. It was politically expedient to be in attendance. Why? Because you knew the boys back home were going to check the vote and, therefore, you were going to get recorded on that bill. But that was for only 12 or 14 million dollars, and you spent days on it even though it was for increased pay for our own people. Here today you complacently sit by and consider in a few hours' debate, spending \$3½ billion when you have \$8 billion of an unexpended balance. If you screened this bill as carefully as you microscoped the postal workers' pay bill, you could save the American taxpayers some money.

There is a chart in the report here of how the pie is to be cut so far as the \$3½ billion is concerned, but they do not show you the picture of the pie so far as the \$8,717,000,000 that is authorized and unexpended is concerned. They do not show you how that is divided up and where and who is to get it. Now, I am not much of a geographer; however, you will note they do have that \$8 billion divided into hemispheres. How do you like that division. It is so colossal a sum that they have hemisphered it to confuse you. They do not cut the pie in pieces and show you a chart of how the \$8,717,000,000 is going to be spent. That is in reserve. Oh, they are careful operators. They keep on building up the reserves. So even if foreign aid and these programs stop tomorrow they would be able to go on for 3 or 4 years after it is discontinued. By that time this infectious foreign-aid spending contagion would again spread over the Members and they would again be ready for another dose at foreign-aid program. I personally believe that this will be part of our annual budget set up the same as any other department of Government.

You just do not seem to have the courage to take a stand. I do not know what you are going to say to the folks back home when they ask you why you did not balance the budget, why you did not give them a tax reduction, why you did not give them relief from the back-breaking burden of taxes. What are you going to say? You are going to say: Well, if we are to continue to carry on these colossal programs and responsibilities

all over the world therefore we cannot give tax relief to the long-suffering American taxpayers. One of these days you will hear from the folks back home and I am afraid it will be the kind of music you will not enjoy.

So let us think this thing through before we vote. That is all I am asking you to do.

Mr. HAYS of Ohio. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, this is the first time I have spoken on this bill. I thought perhaps I would not say anything about it, but my good and distinguished friend from South Carolina moved me to make a few remarks.

Mr. RICHARDS. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Ohio. I yield to the gentleman from South Carolina.

Mr. RICHARDS. Is the gentleman talking about me?

Mr. HAYS of Ohio. No; the gentleman from South Carolina, General DORN.

What we are doing here today is supplementing \$31 billion that we voted for the Armed Forces of the United States. I know some of the things that have been said here are going to look good back in the hometown newspapers, but if the people back there stop and think a little bit about some of the things that have been said about building a tremendous Air Force and Navy and Army so that American can stand alone, if they stop and think what that implies, that America stand alone against all the world, well, then I say you had better look at the census figures and see how many people there are in the world and whether you believe we could stand alone against all the world. It is fantastic, it is incredible, and it is impossible. I hope war does not come, but I am a little bit about that like I am about some of the preparations for civilian defense. They do not do much about it, and so, if a holocaust comes and millions of people are killed, well, the people that did not do anything about it are not going to get blamed, because there will not be anybody here to blame them, and if it does not come, they can say, "Well, I said all along there was no use spending money for civilian defense, because it did not happen." So, some of these people take the same position. If a hot war does not come, they can stand up and say, "I said back in so and so that it was foolishness." But, if a war does come and we try to stand alone, if we listen to these voices and if we let the Communists nibble off the free world nation by nation and little country by little country until we are alone and then we are overwhelmed, then they are not going to have to answer to anybody, anyway.

I would like to point out that the committee has cut this bill, and there will be probably some amendments offered to cut it some more. I offered an amendment in committee to cut it by \$100 million, and it was defeated by 1 vote. But, the point I want to make crystal clear is this, that a lot of the nations to which you people have been objecting about getting aid

are not in this bill. The job has been done. They have been cut off. I heard a lot in the campaign 2 years ago, 3 years ago, and 1 year ago about aid for Asia.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

(Mr. HAYS of Ohio asked and was given permission to proceed for 1 additional minute.)

Mr. HAYS of Ohio. I heard the question asked, "Are you going to let Asia go down the drain?" Well, you examine the report on this bill, and you will find that a great deal of this money is the recommendation of the President to prevent Asia from going down the drain. I have not always been convinced that every nickel that has been spent has been spent wisely, but I think the bulk of it has been spent to our advantage, and I believe enough in this administration and the people who are running it, the names of whom have been mentioned—General Gruenther, Admiral Radford, and the others—to believe that they are going to put that money to good use, and for every dollar that they spend out there now it may save us spending millions of dollars and countless of American lives later on. We have to look a little ahead and weigh that in the balance, and then some of the speeches may not read quite as brilliantly as they might otherwise.

Mr. LONG. Mr. Chairman, I move to strike out the last word.

(Mr. LONG asked and was given permission to proceed for 5 additional minutes.)

Mr. LONG. Mr. Chairman, I have listened to many fine speeches here today. Very few of those who made them felt very much concern for the American taxpayer.

I have heard some of our friends speak of the spiritual side. I am not as good a man as I would like to be or as I should be. But as far as my prayers go, for this great country of ours and the American people and the soldiers who fought in our foreign wars, my prayers have gone for them every night, as sincerely as I know how to pray. And just as sincerely I hope to discuss this bill with my colleagues here today.

I cannot see, for the life of me, how we here in Congress can keep going down into the pay envelope of the little laboring man who can hardly feed and clothe his own little boys and girls, the great Americans who are going to be some day; how we can keep going down into the pocketbooks of many who do not even have a home, how we can keep going to men who are out of work all over this country, and take their money for this purpose.

I do not care what you say. I travel over this country too. In my own district, if you took every dime on earth, that some of those poor laboring people have, and put them together, their whole outfit would not bring a thousand dollars. Those people need help. May I remind those who speak of the spiritual side that charity begins at home, and that he that provideth not for his own household is worse than the infidel. That is what the Bible says.



Are we doing that here today? Are we being honest with ourselves? As the gentleman from Texas [Mr. Dies] said, "Are we honest with ourselves when we vote billions of dollars to be paid by children yet unborn?"

I think that is something we ought to think about very seriously at this particular time. Oh, yes; some say they are afraid that we are going to have to go it alone. Let me tell you what the late Senator Taft—whom I knew personally many years ago—told me when I first came to Congress—and I believe it today. I went to him and said, "I am not asking this for publication, but I am talking as a new Congressman." I want to do the right thing. I want to know what condition this great country of ours is in now. What would you say of our allies? What would you say about going it alone?"

And he said, "Only for the fact that I am one of the leaders in the majority party at this time, and I must go along with my party to a great extent, I would say and you can say we are alone. We are alone today."

Let us not fool ourselves. These people trade with Communist China and they do that even though we furnished all the soldiers to fight in Korea and provided all the money. And our boys by the thousands died over there. But not a Russian lost his life—not one.

Mr. DORN of South Carolina. Mr. Chairman, will the gentleman yield?

Mr. LONG. I yield to my friend from South Carolina.

Mr. DORN of South Carolina. The gentleman is making a splendid contribution to this debate. On that very point, I would like to say to my very good friend from Louisiana that I was here in 1948 when the Marshall plan was passed by this Congress. They said then that it would buy friends, just as they are saying today. But then the great test came, when the armies of North Korea, backed by Russian equipment and backed by the Red Chinese Army, on the 25th of June, 1950, came across the 38th parallel, after we had spent those billions of dollars, where were our friends? They made no real effort to help us in Korea. They traded with and indirectly helped the Communists. That is a good example of what will happen when the real war starts in a few years. The contributions of all of them put together in Korea was a mockery and insult to the American people and our whole aid program.

Mr. LONG. Yes, and you talk about doing something. You talk about fixing people so they will fight by our side. We fixed China, did we not? We fixed Japan, did we not, when we sold her scrap steel, and they shot the same material back at our boys on the battlefields?

Do not be fooled. A lot of this is big business. Do not be deceived. We are sending this money to Europe not to build arms, we are sending it not for the military, we are sending it to buy machinery. It is for the manufacturers. We are subsidizing those fellows by way of the back door, and nobody that knows anything about it can deny that those are the cold facts.

Yes, it is all right to get excited. They talk about how they want to defend this great country of ours. Nobody wants to defend it any more than I. I was in the Army in World War I, not for very long, but I was there with the uniform on when peace came and the armistice was signed, ready to go to the defense of my country, and if there is need now, I will guarantee you a pretty good job of fighting.

I repeat, let us not take the money out of the envelope the poor little taxpayer has and then sit here and refuse to reduce his income tax, but instead give it to foreign countries and yell that we are doing it in order that we may have allies when the time comes.

Maybe I should not say what I am going to say, but if England will gain more by joining Russia tomorrow, she will join them, and do not fool yourself about that. She is already using her ships to ship men and materiel in order that they may kill the very boys that are over there trying to fight communism to defend them. We helped to bail England out twice when she would have absolutely been destroyed.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. LONG. I yield to the gentleman from Iowa?

Mr. GROSS. She served notice on us today that she would use her warships to run over us if we tried to interfere with her trade with Communist China.

Mr. LONG. I thank the gentleman for his contribution. That is exactly what I am talking about.

Mr. DIES. Mr. Chairman, will the gentleman yield?

Mr. LONG. I yield to the gentleman from Texas.

Mr. DIES. The gentleman has been in public life many, many years and has been an efficient and able public servant. He has had a lot of experience. Has he ever known of an instance when he could buy a friend? Has he ever in a campaign for any public office made any headway or seen anyone make any headway when they had to pay money in order to have friends to support them?

Mr. LONG. I thank the gentleman from Texas.

There is no way on earth that can be done. They take your money and put it in their pocket, whether it is a campaign or a war, and use it for their own purposes, just as France and England both are trying to do.

Since 1945 we have given away \$50 billion of our substance to help others. Over \$11 billion are still available from unexpended funds, and now we have been asked to supply an additional \$3.5 billion.

Mr. Chairman, others will debate the pro and con aspects of our foreign-aid program. I will not speak of the blossoming of programs one after the other since 1945. I will not elaborate on the fact that in my opinion most of our foreign-aid programs have outlived their usefulness. I do not wish to enlarge on our growing Federal debt in relation to our national product as compared to the federal debts of beneficiary countries. I do not wish to emphasize the well-established fact that Europe does

not need any more aid since she has recovered her prewar productive position. I do not wish to draw attention to the postponement of public projects in our country, such as the deplorable lack of schoolrooms, modern highways, rebuilt airports, and so forth. Nor will I stress the fact of income taxes to pay for foreign aid. These adverse aspects of the foreign-aid program are so self-evident and so much in the minds of every thinking American who bears the brunt of this extravagance until it is hardly necessary to enlarge on them.

On the other hand, I do wish to mention the fact that population increases are often given as excuses for the need of foreign assistance. In my opinion, overpopulation is a convenient formula to cover up a lack of effort to revamp obsolete laws and to denationalize; to clean out bureaucracy, corruption, and tax cheating; to reform engrained habits of leisurely inactivity and inefficient fiscal operations. To put it plainly, it is much easier to ride the bandwagon and do nothing toward self-help while the weary taxpayers of America foot the bills.

Another popular argument in defense of foreign aid which again fails to measure up is the one dealing with technical and military aid to foreign nations. It is said by proponents of this aid that if we furnish the technical know-how, then the foreign nations, for the most part, will be able to furnish the manpower. Only a few days ago Admiral Radford stated that our allies can very well provide in their own and adjacent countries most of the defensive ground forces and the local naval and air power. But, Mr. Chairman, let us be ever mindful, as the gentleman from South Carolina has implied, that in the Korean conflict Uncle Sam furnished up to 97 percent of the manpower. These theories are easily propounded, but the proof is in the actual workings of such theories, and they have failed to measure up in the above case, as well as in others designed to make foreign aid more palatable to the American public.

I wish to emphasize the fact that most of our foreign aid since 1945 has been given overwhelmingly to foreign governments who seem to have pinned their hopes on socialistic planning. Hand and hand with this planning have come continuous deficits and a continuing need for dollars in their payments of international debts. In my opinion, the continuous deficits of several European countries are caused by the increasing need of capital to operate and expand nationalized and subsidized industries. In the case of France and Italy especially, once the States established full-fledged monopolies, the process is almost irreversible. This has even been the experience in England, with the exception of a few industries.

A major part of our Marshall plan funds has gone to inefficiently managed State enterprises. Even today, in France, many of the State enterprises are operating at a loss, and the indebtedness of the so-called big public services is increasing year by year. In addition, these State enterprises show



evidences of inflated personnel coupled with an amazing amount of wastage, abuses, and frauds.

Newspapers have noted time and again the ruthless exploitation of foreign citizens by local politicians and their coteries. To a greater or lesser degree such is the situation in the Mediterranean countries, in the Philippines and in Indonesia. All of these countries have been recipients of substantial amounts of foreign aid distributed largely by these same politicians. It is not a matter of ethics alone. In the Orient "politics" means corrupt practices by individuals as it so often does in the Occident by pressure groups.

We are confronted with a picture of certain men in power having the ultimate say over aid extended by us; but I wish to reemphasize my point that our Marshall plan aid will not save any one country, whether in Europe or the East, if the public morality is so low as to negate the rational operation of government.

I wish to draw attention to another facet of our aid program, namely, the encouragement of foreign competition. We have helped foreign countries not only to rehabilitate their industries, to get access to supplies of raw materials, and increase their exports by lowering our tariff walls, but we have encouraged them to send productivity teams to our country to study our latest mass production methods. The effectiveness of such aid has been seen lately, for example, in the successful competition by foreign bicycle makers in our own domestic market by which our bicycle producers are being driven rapidly to the wall. The same thing is happening in textiles, electrical equipment, glassware, ceramics, rubber goods, and so forth.

Many of the countries assisted by us are engaging in rampant commercial warfare in the free markets of the world and are actually supplanting us in certain areas, for example, in the Latin American market.

Mr. Chairman, we seem to have an extraordinary sensitivity to anything that happens abroad to other people and we do everything in our power to help them. But, we seem to portray a singular lack of sensitivity where it concerns our own people. I wish to draw specific attention to the flagrant abuse of treaty rights by our so-called ally, namely, France, against the American business community in Morocco.

This may be a sore question to mention, but I feel impelled to mention it because France is one country which has received an enormous amount of aid from us. Since 1945 we have assisted France to the tune of \$5.2 billion, in addition to the vast sums under lend-lease previously rendered. We have assisted France in every way to recover from the ravages of war. We have assisted her by men and means to settle her difficulties in Indochina and we are currently engaged in assisting her in large measure in her overseas colonies. For example, since 1945 we have given her over \$450 million to be spent in Morocco alone—in 1954 the amount spent was \$171 mil-

lion. The totals spent in French possessions for military construction and mutual security are classified, but I can assure you that the sums are stupendous.

The discrimination I refer to concerns United States commercial treaty rights in Morocco. Morocco is a sovereign state under French protection. The 1906 Treaty of Algieras between Morocco and the United States, France, and other world powers limited customs duties to 12.5 percent, set up valuation procedures, and established a completely free economy and equality in Morocco for all the signatory nations. Despite this treaty protection, since World War II France has used her protector status to virtually monopolize Morocco's economy and freeze out foreign competition, particularly American competition.

Congress took up this issue in 1949 and the Department of State promised to negotiate the matter. However, in that year France instituted an embargo against foreign products. Approximately 40 American businessmen have, since 1945, established a fairly profitable business in Morocco. Their businesses were practically wiped out overnight due to the embargo. These businesses were destroyed illegally and the American owners have not been compensated.

In 1951 Congress placed in the appropriation for foreign aid an amendment intended to call off aid to France should the violations and embargo continue. Our Department of State, in the meantime, arranged with France to submit the issue to the International Court at The Hague. In 1952 this Court ruled that the United States should have complete equality with France in Morocco's economy and that free competitive enterprises could be maintained and that the customs procedures should be modified. The fact is that France has not taken one step to fulfill the decision of this International Court. During the time that this question was before the Court, we continued to give France substantial foreign aid. Even in the 1954 and 1955 appropriations for aid we placed little restriction on France except concerning the use of counterpart funds, but have rather increased our military assistance to get her out of the morass of colonial difficulties.

Mr. Chairman, on March 27 of this year a stricter embargo placed by the foreign-protectorate government on certain American goods went into effect, further stifling American imports and placing additional and illegal pressure designed to obstruct business with the United States on this American commercial community.

Mr. Chairman, I have deliberately mentioned the case of Morocco because I think this is a flagrant abuse of our kindness. We have extended every possible aid to her on the one hand, and on the other hand she seems to have deliberately placed hindrances in our way. In other words, to paraphrase a Biblical sentiment, if you help your friends too much, they will not be thankful.

It is a fine thing to be helpful to the needy, to extend a hand to those who are

in trouble, to work to help someone recover from a setback, but it departs from the realm of kindness, even from the realm of logic, to continue to extend help when the recipient fails to make an effort to adjust and rehabilitate, and it further fails to make sense to continue making these vast foreign-aid expenditures when we neglect our own improvements and needs and overburden the taxpayers just the same. We simply do not have the money to continue wasting it trying to support so many nations of the world who could and should stand on their own feet.

Mr. Chairman, the tragedy of the whole thing, to me, is that we seem to think more of the children of foreign countries than we do of our own children.

Mr. FULTON. Mr. Chairman, I move to strike out the last word.

To reduce the argument to a more specific basis, I rise in opposition to the amendment of the gentleman from California [Mr. ROOSEVELT].

The Congress must look at this foreign military aid program as it really is, and not the way we would like it to be. We have to look at this world practically as it is, and not as we would like it to be. If the United States could simply run the world and we could run it from this Congress, it would be a fine world to me to live in, but Congress cannot do that by right and should not by force. We in the United States are only 165 million people out of 2.4 billion people in this world. Now let us look at this legislation. This legislation has the backing of both of the great parties of this country. It is fully endorsed in the Republican Party platform and it is likewise fully endorsed in the Democratic Party platform. The strategy that is behind this bill, the military strategy, is backed unanimously by the United States Joint Chiefs of Staff, heads of the Military Establishment of the United States. Both President Eisenhower and former President Truman heartily endorse the continuation of this program.

The top military officials of this country have come before the Committee on Foreign Affairs and said, "We want \$1,400,000,000 worth of military hardware during 1955 to protect this country."

I believe that the amendment offered by the gentleman from California would tie the President's hands and force him to divulge, in all probability, what should not be divulged on the implementation and planning in carrying out this program. Secondly, the amendment has a slight feeling in it of insufficiency in previous action by the President, when there is already provision in the present law that there shall be reporting by the Executive. We, on the Foreign Affairs Committee, on both sides, Republican and Democratic, know that this administration has reported every time that some important question or event has come up. We Foreign Affairs Committee members do not find one complaint at all about the reporting by the President, Secretary of State Dulles, the State Department, or the Department of Defense.



I have never heard a complaint in the Committee on Foreign Affairs on this administration's reporting on events abroad during this particular session of the Congress nor have I heard it from members of the Committee on Armed Services of the House of Representatives. Therefore, the reporting must be adequate.

John Foster Dulles, the Secretary of State, when he recently returned from Vienna within 1 hour after getting off the plane was before the House Committee on Foreign Affairs of the House, not the other body, reporting on what had taken place in the meeting of Ministers in Vienna. That is full cooperation with this House. So I say to you, unless the amendment offered by the gentleman from California is defeated, it is a slight nod to this administration that the reporting has not been adequate. My position is that the reporting has been fully and completely adequate, and I believe this House should so find.

Let us look and see what this general military aid program actually does. My argument now will be in general support of this military-aid program against the position of those Members who advocate its defeat, and not in reference to the amendment of the gentleman from California [Mr. ROOSEVELT]. This program in the first place keeps our allies with us and also keeps our long-range airpower in full force and effect with a powerful system of foreign bases, and a worldwide network of supply lines and centers.

General Gruenther spoke to us on the Foreign Affairs Committee, saying we must support our long-range airpower and be sure that we have the capability of doing it because that is keeping the United States safe. A strong potential United States offensive airpower is our greatest defense.

If Congress should defeat this bill today, the United States then withdraws from our defense bases in friendly foreign countries where we have worked out a program. In this bill we have not only most of the recommended \$1,400,000,000 for military aid, but we have a continuation of \$7,779,000,000 already authorized for military assistance programs around the world, but not yet completed.

What Member of this Congress now would say in a vote against this bill, after all the sacrifices we citizens have made in Korea with our United States troops, to pull the props out from under South Korea and let the Communists move in? That is what Congress will be doing if we defeat this bill.

What Member of this House would say to the people of Formosa who have fought to the bitter end against communism that we are going to pull the props out from under them today? What Member of Congress is going to say to them that we think you are riding around in automobiles and wearing fur coats and we do not think you are doing a good job? We do not believe that because we know that the people of Europe and free Asia are standing up against communism.

Would you say to the people of Thailand, or southern Indochina, who are

right under the Communist menace, standing strongly by our side, that Congress will no longer protect them by military aid in this bill? Of course, responsible Members will not do that. We are reasonable.

Should Congress say to the people of the Philippines, many of whom have fought and bled and died right beside many of the Members who are in this House today, that the United States is now going to pull back to fortress America, as advocated on the floor this afternoon? Of course not—we are dependable and loyal allies.

The CHAIRMAN. The time of the gentleman has expired.

Mr. FULTON. Mr. Chairman, I ask unanimous consent to proceed for 1 additional minute.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

Mr. NICHOLSON. Mr. Chairman, reserving the right to object, I am not going to object, but after this gentleman is through I am going to object to anybody asking for more time.

Mr. ROOSEVELT. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield to the gentleman from California.

Mr. ROOSEVELT. I just wanted to make sure that the argument the gentleman has just made is not directed to my amendment.

Mr. FULTON. That is true. My latter statements are general arguments for the bill; and to meet the arguments of those opposed to the whole legislation, which I understand the gentleman favors, for which I commend him; although opposing strongly his amendment.

One other point on the defense of this country: The chief defense of our industrial cities—and as you know, I represent Pittsburgh—is the fact that the United States can retaliate with our great United States long-range air power in case we in our industrial United States areas are struck first. One of the great defenses of this country is that we can strike in half the time that a possible enemy can strike at us, and we can use half the fuel that they will have to use in a war which they might start. That all gives the United States a tremendous strategic advantage.

In this legislation these airfields, necessary for the operation and success of the United States long-range airpower, and required supporting bases that we are maintaining abroad in friendly territories are taken care of and adequately provided for for some time. So purely on the ground of United States defense, separate and apart from overlooking many things we do not like about our allies, and our allies do not like about us, let us pass this legislation and get down to business.

Moderate the mutual security legislation where you will, but know it is for the defense of America. As one of the moderates on this foreign-aid program, I offered an amendment that reduced this bill \$145 million on military aid. The Foreign Affairs Committee adopted

this amendment. So that we on the committee have cut out everything that should be cut out. This bill should be passed for the safety and security of the American people and our free world, but primarily to insure the defense of this country we all love so well.

The CHAIRMAN. The time of the gentleman from Pennsylvania [Mr. FULTON] has again expired.

Mr. CHRISTOPHER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I like mirth, ridicule, and fun. I indulge in it on occasions. But whether you believe it or not, we are considering serious legislation today. We are considering whether we will go along and implement that \$35 to \$45 billion that was voted for military installations and military aid, the cost of our Army, Navy, Marines, and Air Force. The money that is provided in this legislation means not only arms, but in some cases it means food, shelter, and clothing; and what is still more, faith.

The gentleman a while ago at this microphone asked if he could buy a friend. You do not go out and buy a friend like you buy a coat or a pair of shoes. Sometimes a little money or some of the real things that people need helps to cement a friendship. I moved a few times from the neighborhood in which I had been living, and I learned long ago that in order to have a friend in the community I had to take a friend in that new community when I went there. In other words you have to be a friend yourself in order to have friends. The same is true with nations.

Some of our colleagues are worrying about money. If we get into an atomic and nuclear war our money will do us no good. There will not be anything for us to buy with it; there will not be anyone here to spend it or anyone here to sell us anything.

Some Members speak of making this country so strong we could not be attacked successfully. That is not possible in this day and age, and any thinking person knows it is not possible. The world has shrunk in size; oceans offer us no protection, and let me warn you here today: God pity the nation that drops the next bomb. Of one thing, however, I am sure: This country will not drop the next atomic or hydrogen bomb; some other country will have to drop a bomb on us before we retaliate.

I judge this legislation in great measure by the people who are sponsoring it, and who have sponsored it in the past. Harry Truman sponsored this legislation when he was President of the United States. President Dwight D. Eisenhower is sponsoring this legislation; our great generals are sponsoring this legislation. Our military men think it is a good thing, and I, for one, am willing to take their judgment in the case rather than my own.

One other thing I want to refer to: The gentleman from Pennsylvania, I think it was, referred to what the New Deal and the Fair Deal had done to the North. Everything the New Deal and the Fair Deal did to the North made the North better and made it a better place to live in. I want to remind the gentle-



man from Pennsylvania that the President of the United States has hugged to his breast every piece of legislation that constitutes the New Deal and the Fair Deal, hugged them to his breast, lock, stock, and barrel; and he says he is seeking not to destroy them but to make them better.

I am favoring this legislation, but I do not think we ought to leave undone things that need to be done in these United States. We are rich enough to do what needs to be done here as well as carry out this program. Our farmers need to have their price supports restored to 90 percent of parity and some action should be taken in regard to our coal miners in West Virginia and Pennsylvania. We should not lose sight of our domestic problems, but we should also invest in peace and safety, not only for the world but ourselves as well.

Mr. Chairman, I yield back the remainder of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California [Mr. ROOSEVELT].

The amendment was rejected.

By unanimous consent the pro forma amendments were withdrawn.

The Clerk read as follows:

SEC. 3. Title I, chapter 2, of the Mutual Security Act of 1954, which relates to southeast Asia and the western Pacific, and direct forces support, is amended by adding after section 123, the following new section:

"SEC. 124. Direct forces support: There is hereby authorized to be appropriated to the President for the fiscal year 1956 not to exceed \$317,200,000 to provide assistance in the form of direct forces support to be delivered or rendered directly to the military forces of nations eligible for military assistance under chapter 1 of this title. The President may, notwithstanding the provisions of section 501, consolidate all or any part of appropriations made pursuant to this section with appropriations made pursuant to section 103. Programs authorized by this section may be administered in accordance with the provisions of chapter 1 or chapter 3 of this title."

With the following committee amendment:

Page 3, strike out the last two words of line 14 and all of line 15, and insert the following: "as follows:

"(a) In section 121, which relates to southeast Asia and the western Pacific, strike out the fourth word of the third sentence, 'section', and insert 'title.'

"(b) Add after section 123 the following new section:"

The committee amendment was agreed to.

Mr. ADAIR. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ADAIR: Page 3, line 25, after the period, strike out all the language through and including the period in line 4, page 4.

Mr. ADAIR. Mr. Chairman, this amendment is offered in an effort to do a thing about which I spoke this morning during general debate. That is, to tighten the provisions of this bill. As the proposed measure is before us now, there is provided for military assistance the sum of \$1,133 million which we might logically expect to go, as has been previously pointed out, for military hardware; military end items. Then in the

section which was just now read there is the sum of \$317 million plus which is said to be for direct forces support, those things which go toward the maintenance of an army in the field, beans, shirts, coats, caps, oil, and all that sort of thing. You may say, that is fine, we have these two amounts separated and they will go for the purposes for which they apparently have been earmarked and subject only to the general rights of transferability which exist in the legislation. But, Mr. Chairman, that is not necessarily true.

If this sentence which I have asked to be taken out of the bill is not removed, the President of the United States may lump these 2 sums of money together to make a total of approximately \$1,450 million and he may spend all or any part of that sum either for military end items, on the one hand, or for direct forces support on the other. By taking out this sentence, as I have requested by my amendment, you are simply asking those in charge of this program to use the money for the things for which it was ostensibly put in there.

Mr. DONOVAN. Mr. Chairman, will the gentleman yield?

Mr. ADAIR. I yield to the gentleman from New York.

Mr. DONOVAN. Is it not true that by Executive order this year the President has already accomplished this fact? Is it not true that as of the 30th of June by Executive order this whole category that is described as direct forces support is now in the hands of the Pentagon?

Mr. ADAIR. I will say to the gentleman from New York that as a part of the reorganization of the foreign aid setup that is a possibility?

Mr. DONOVAN. In other words, the purpose of the gentleman's amendment is to override the Executive order of the President that was signed this year?

Mr. ADAIR. That is correct, if the Executive order can be taken to do that thing. I feel that is a fundamentally important thing that this House retain control over these moneys. We simply cannot lump almost a billion and a half dollars together and say to the Executive: This is available for military hardware or it is available for direct forces support. Do you realize that if those words stay in there it would be possible that the entire \$1,450,000,000 could be used for shirts, beans, or caps and not a bit of it for the hardware of war. It is also true that the whole thing could be used for hardware.

What I am pleading with the Members of the House for this afternoon is that we do write some restrictions into this bill, that we do try to say to the executive branch that if we put money in here for hardware we mean hardware, if we put money in here for direct forces support we mean direct forces support.

There are certain rights of transferability already in the bill, which may be briefly stated as 15 percent as relates to military items and 10 percent as relates to other items. Those rights of transferability have been used by the President and I think that is a sufficient authority for the Executive to have in that respect. If you want to reassert not

only the prerogatives but in my opinion the duties of this House to exercise some small share of control over the funds in this bill, then I urge you to adopt this amendment and you will have taken at least a step in that direction.

Mr. SMITH of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. ADAIR. I yield to the gentleman from Wisconsin.

Mr. SMITH of Wisconsin. This bill needs trimming up, as the gentleman has indicated, and I believe his amendment should be adopted.

Mr. ADAIR. I thank the gentleman.

Mr. MEADER. Mr. Chairman, will the gentleman yield?

Mr. ADAIR. I yield to the gentleman from Michigan.

Mr. MEADER. If I understand the gentleman correctly, under present law the people who have asked for this money are permitted to be 10 percent wrong on economic aid and 15 percent wrong on military aid, and now they want the right to be 100 percent wrong.

Mr. ADAIR. As respects the money for military assistance and direct forces support, there would be complete transferability.

(Mr. FINO asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. FINO. Mr. Chairman, in the pursuit of a vigorous foreign policy one must deal fundamentally in absolutes. There can be no compromise of basic principles, whatever the circumstances; there can be no appeasement; nor can there be indifference and unconcern. To be effective our policy must be a global policy; it must be laid down along broad but definite lines; it must be consistent in principle, unrelenting in implementation; and above all, it must be adjusted to the realities of international relations.

Our foreign policy has been and continues to be based upon the premise that Soviet imperialism and Communist expansion are threats to world freedom, to world peace, and thus a threat to our national interest. Basic in the implementation of our policy has been our desire to counteract those communistic forces that threaten us. To do this we have placed great reliance upon foreign aid, both economic and military, to our allies and friends. In one form or another we have been pursuing this course since the close of World War II. Is this not the time, therefore, for this Congress to reevaluate our foreign-aid program? Is this not the time to consider the wisdom of examining the underlying premises of our aid program to determine whether they square with the realities and requirements of our true national interest?

The criterion upon which a future policy of aid should be based ought to be an affirmative answer to the question: Has the country for which aid is proposed acted as an ally and loyal friend? I wonder if Yugoslavia and India, nations which have received millions in American aid, could meet this test. To be sure, Yugoslavia has never joined NATO which in my mind would have been a forthright declaration of alle-



giance in the West. But despite gestures toward the West, Yugoslavia has been "on-the-fence" in the cold war. We assumed a calculated risk by pouring into Yugoslavia millions of dollars of economic and military aid. To be precise, the United States has given Yugoslavia more than \$650 million, since 1945. The price of this calculated risk has been costly. We have strengthened the Tito regime, a thoroughly communistic government, which has of late demonstrated a tendency toward neutralism in the cold war. From Belgrade we now hear that the West can coexist with the Soviet Union. As if to underscore his professed convictions, Tito has resumed diplomatic relations with Soviet Russia, the Soviet satellite states, and recently Red China. In reality, the Tito regime has donned the cloak of neutralism, appeasement, and compromise, and thus has assumed a posture clearly inconsistent with American interests. Important to realize is the fact that Tito's recent actions are just the beginning.

How can we trust Tito when all of his actions reveal a desire to cement closer ties with Russia? How much longer are we going to continue to do business with him and continue to give him money, goods, and technical help? How can we say that Yugoslavia has acted as an ally and loyal friend? Those are the questions that we, as Members of Congress and as representatives of the taxpayers of this Nation, must answer now. In determining whether to render further aid to Yugoslavia it will, therefore, be our responsibility to consider the long-range consequences of this new tie-up between heretofore bitter enemies.

Let us also consider India. Can we say that India has measured up to the criterion of consistent friendship? Can we say India is neutral when she calls for the surrender of Formosa to the Chinese Communists and the admission of Red China to the United Nations?

Can we say that India is our friend and ally in the light of a speech Nehru made in Moscow recently praising the Soviet Union? Can we say India is our friend when she tells her people that the United States is upsetting peace in Asia? Can we call India a true and loyal ally when she urges all countries to stay out of NATO?

In the eyes of India we are not her friend or her benefactor, in spite of the millions of dollars and tons of American wheat, as well as other aid, which we have provided and which we are still giving to the needy people of India.

All of India's actions and movements have been contrary to the best interests of our country.

How can we overlook the overt acts of friendship between India and Communist China as evidenced by the trade agreement and treaty of friendship recently signed between the two countries?

How can we forget that during the crisis in Indochina, India refused to permit American planes carrying desperately needed French troops reinforcements to fly over India?

How can we dismiss the resentment shown by India over American gestures toward Pakistan?

How can we close our eyes to India's disapproval of the Southeast Asian Collective Defense Treaty, an instrument intended to check Communist expansion in Asia?

And yet, notwithstanding these actions which are contrary to our best interests, we have given India over \$330 million in aid since 1946. Is it not time, therefore, that we should equate more realistically the effects of Indian policy upon our global policy, especially in relation to the amount of aid we should send to that country?

In carrying out the global concept of our foreign policy, there ought to be no toleration of neutralism. Neutralism, in effect, deprives us of allies and aids our enemies. Both India and Yugoslavia have been taken in by the current Moscow tactic, "peaceful coexistence," a time-worn propaganda device and nothing more. It would be better termed "peaceful infiltration," for such is fundamentally the Communist intent. More than that, Nehru and Tito have in a recent conference announced a policy of nonalignment, which, they stated with an air of innocence, was neither neutrality nor neutralism.

Neutralism is not a doctrine calculated to strengthen our cause; nor are the gestures of conciliation, compromise, and appeasement by Yugoslavia and India to the Communist bloc calculated to encourage the ranks of the free world. It seems to me that now is the proper time for Congress to reevaluate our foreign-aid program so that its benefits will be bestowed only upon those who deserve our friendship.

It is for these reasons that I shall vote against further aid to Yugoslavia and India.

(Mr. ANFUSO asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. ANFUSO. Mr. Chairman, I propose that no military assistance be given to Iraq or any other of the Arab States, unless the same or proportionate military aid is given to Israel.

Our country has found in Israel a devoted ally and a staunch friend. Israel is shaping its way of life in the image of American democracy. The people of that country believe in the same principles of freedom and human dignity as we do. During the past 7 years or more since Israel has been established as an independent and sovereign state, a warm bond of friendship has developed between that country and the United States.

Unfortunately, during the past year our State Department has embarked upon an erroneous policy in the Middle East which is endangering this cordial relationship. In its efforts to gain Arab favor, the State Department is going all-out to appease the Arab States. But while to date little headway is being made with the various Arab States, Israel is being isolated politically and economically in the area; its national security is being threatened militarily by its Arab neighbors; in fact, its very existence is at stake as the Arab States grow stronger militarily because of the military assistance given them by the United States and Great Britain.

I believe that this is an unwise policy and it should be stopped or discarded immediately because it is upsetting the military balance in that strategic area of the world. If a military imbalance should lead to a renewal of the Arab-Israel conflict in the region it would be a great blow to us and our allies because it would weaken a vital spot in our defense structure.

If our State Department is anxious to gain Arab adherence to a defense pact in the Middle East, whether on a unilateral or multilateral basis, then I say that I am in favor of it—but we must insist that it should not be done at the expense of Israel. If we enter into defense alliances with the Arab States and we agree to extend military assistance to them—then we should do the same for Israel by giving her a similar or proportionate amount of such assistance. If our Government cannot see its way clear to grant military aid to Israel, it should also desist from giving such aid to the Arab States.

This is the fair way to approach this problem. This is the just way. This is the way the free nations of the world would expect us to deal with this matter. Showing favoritism to one side and appeasing it is not the American way.

Mr. Chairman, I would urge our Government at this time to take two steps:

First. To grant military aid to Israel on the same scale as that given to the Arab countries, in order to maintain a balance of power in the Middle East; if this is not possible, then we should refrain from any further military aid to the Arab countries until a peace agreement is reached between them and Israel.

Second. I strongly urge the United States Government to conclude a mutual defense pact with Israel whereby the security of that country would be guaranteed and the integrity of its borders respected.

I think these two proposals make sense. I believe they are fair and just. I am convinced that if these two proposals are fulfilled, tension in the Middle East will be ended, the stability of the region will be strengthened, and a peaceful settlement will be attained between Israel and the Arab States at an early date.

If we state firmly here today that we do not approve military assistance to one side while refusing it to the other side, it will impress the peoples of that area that we are serious about maintaining peace and stability there.

Mr. RICHARDS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I am opposed to the amendment the gentleman proposes, for this reason. Under existing law and the executive order of the President transferring certain powers formerly exercised by FOA to the State Department and to the Defense Department, the provision for military aid end items and also the provision of direct forces support are in the hands of the Defense Department. I think that this amendment would greatly confuse the situation. I think if you require that direct forces support money be kept separate in every respect from end item money in the hands of the Defense Department, that that would confuse the situation. I



think the decision as to whether or not there should be transfers between the two categories should be in the hands of the Defense Department and under the direction of the President, the Commander in Chief. I believe it would be bad for this amendment to be adopted.

Mr. ADAIR. Mr. Chairman, will the yield?

Mr. RICHARDS. I yield to the gentleman from Indiana.

Mr. ADAIR. Would the chairman concede that I am correct in stating that if the wording remains in the bill as it is now, it has the effect of lumping these two sums into one fund which can either be used for military end items or direct forces support?

Mr. RICHARDS. Yes, that is right. But I think the gentleman's amendment would be bad.

Mr. GROSS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I should like to ask the gentleman from South Carolina a question. Do I understand that on page 2, by the Richards amendment, which has been in the law regarding EDC, the European Defense Community is stricken out in this bill?

Mr. RICHARDS. Mr. Chairman, if the gentleman will yield, the so-called Richards amendment which is in the law now referring to the European Defense Community, is out. I personally agreed to have it come out, because now, although EDC was not ratified by all the nations, the Western European Union has been ratified by the parliaments of the nations concerned, I thought there was no necessity for the provision.

Mr. GROSS. By adopting this amendment in the bill now, we are confirming the failure to put through in Europe a European Defense Community program; is that correct?

Mr. RICHARDS. No. In many respects the Western European Union is better than EDC. For instance, under the new arrangement we have commitments of four British divisions to the Continent of Europe. You did not have those commitments before. So, the essence of the thing is that my amendment has done its job. According to the Secretary of State, it helped bring about the desired unification under the Western European Union although not under EDC.

Mr. GROSS. My point is that we had NATO before your EDC provision was written into the Mutual Security Act. We had NATO before that, yet we went on and supported you, and now you are pulling it out of this bill. And, I say again, the fact is here being confirmed in the House of Representatives that EDC failed; that there is no reason to expect that there will ever be an EDC despite all the glittering assurances we have to that effect.

Mr. RICHARDS. No, there were 6 or 7 nations in EDC. There are 14 in NATO. Four of those nations had ratified the European Defense Community Pact, two of them had not. In the meantime, they got together in the Western European Union organization, which is certainly better than nothing, and I think in many respects better than the European Defense Community setup.

Mr. GROSS. I want to ask the gentleman one other question. In what part of the bill is carried the appropriation for domestic expenses?

Mr. RICHARDS. That would be under title IV.

Mr. GROSS. That is contained in the lump-sum appropriation under title IV?

Mr. RICHARDS. I think that is what the gentleman has reference to. When he says domestic expenses I assume he means expenses for administration.

Mr. GROSS. I only know there is money authorized in this bill under the label of domestic expenses. I cannot find out the lump sum wherein it is contained.

Mr. RICHARDS. If the gentleman means administration, that comes on page 12, line 1, of the bill.

Mr. GROSS. I thank the gentleman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Indiana [Mr. ADAIR].

The question was taken; and on a division (demanded by Mr. ADAIR), there were—ayes 47, noes 102.

Mr. ADAIR. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. ADAIR and Mr. RICHARDS.

The Committee again divided; and the tellers reported that there were—ayes 62, noes 111.

So the amendment was rejected.

Mr. McCORMACK. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I do this for the purpose of advising my colleagues that the Committee will rise not later than 5:30 and thereafter the conference report on the District judgeship bill will come up.

Mr. MARTIN. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Massachusetts.

Mr. MARTIN. That bill is one on which we had a rollcall before and we may have a rollcall on it at this time, so the Members had better stay on the floor.

Mr. McCORMACK. I would think they should. That is why I am making this statement.

It is the intention of the leadership, if the House permits, to meet tomorrow at 10 o'clock. The first order of business will be the conference report on the defense appropriation bill, and thereafter the conference report on the District of Columbia appropriation bill, followed by the continuation of the consideration of the pending bill under the 5-minute rule and the military reserve manpower bill.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

Sec. 4. Title I, chapter 3, of the Mutual Security Act of 1954, which relates to defense support, is amended by adding to section 131 the following new subsections:

"(c) There is hereby authorized to be appropriated to the President for the fiscal year 1956 to carry out the provisions of this section, not to exceed—

"(1) \$70 million for Europe (excluding Greece and Turkey);

"(2) \$102,500,000 for the Near East (including Greece and Turkey) and Africa; and

"(3) \$827,800,000 for Asia.

"Funds made available for assistance to Korea from appropriations authorized by

this section may be used in accordance with the applicable provisions of section 132 of this act.

"(d) In providing assistance in the procurement of commodities in the United States, United States dollars shall be made available for marine insurance on such commodities where such insurance is placed on a competitive basis in accordance with normal trade practice prevailing prior to the outbreak of World War II: *Provided*, That in the event a participating country, by statute, decree, rule, or regulation, discriminates against any marine insurance company authorized to do business in any State of the United States, then commodities purchased with funds provided hereunder and destined for such country shall be insured in the United States against marine risk with a company or companies authorized to do a marine insurance business in any State of the United States."

With the following committee amendment:

Committee amendment: Page 4, line 13, strike out "\$70,000,000" and insert "\$92,000,000."

The committee amendment was agreed to.

The Clerk read as follows:

Committee amendment: Page 4, line 14, before the semicolon insert: "not less than \$50,000,000 of the funds made available under the authority of this subsection shall be used for assistance to Spain in accordance with the provisions of this section."

Mr. JONES of Missouri. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I would like to ask a question about this amendment. This is a case where whoever drafts these amendments gets pretty verbose and sometimes they destroy the meaning which might be expressed much more simply. I want to ask the Chairman if I am correct that with the amendment this would have the effect of reading \$92 million for Europe excluding Greece and Turkey and not less than \$50 million of which shall be used for assistance to Spain in accordance with the provisions of this section.

Mr. RICHARDS. That is correct. Of the \$92 million, \$50 million would be used in Spain. That is for defense support.

Mr. JONES of Missouri. Here is what I am trying to get at. I am not finding fault with the amendment, but when we could use one word, namely the word "which," they put in the phrase "funds made available under the authority of this subsection" and without any punctuation there it makes it more difficult to interpret what the meaning is. So if you strike out "the funds made available under the authority of this subsection" and just put in one word "which" it would make it much more clear than it is in its present form. I am not going to insist on it, but it seems to me many times in the drafting of these bills, someone gets hold of it and makes it rather complicated.

Mr. RICHARDS. What does the gentleman want to put in—the words "of which" or "which"?

Mr. JONES of Missouri. It ought to read "of which shall be used \* \* \*" and so on. That is all you would need to do, but I am not insisting on this.



Mr. RICHARDS. I would not object to that language.

Mr. JONES of Missouri. You are leaving out some punctuation there, and if you are going to use the present wording of the bill, there should be a punctuation mark there. I am not insisting upon it, but I do think that whoever has the responsibility, and I do not know who I am criticising, is not using the English language as well as they might.

Mr. RICHARDS. May I say to the gentleman that I have not looked into this matter which the gentleman proposes. It has not been called to my attention. Perhaps it may have been called to the attention of the staff, but I would want to look into it a little because it would appear to me that the gentleman is making a worthwhile suggestion.

Mr. JUDD. Mr. Chairman, could not the situation be corrected by asking that the amendment be modified by inserting after the parenthesis "Provided, That"?

Mr. JONES of Missouri. But, that would do the same thing, and you are just getting more words in there. If you just put the one word "which" in there, you would have the whole thing solved. As I say, I am not insisting upon the matter.

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

The Clerk read as follows:

Committee amendment: Page 4, line 19, before the semicolon insert: "": *Provided*, That the amount made available for Greece for fiscal year 1956 shall not be less than that made available for such country for fiscal year 1955."

The committee amendment was agreed to.

Mr. FULTON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FULTON: On page 5, after line 16, insert the following section and renumber subsequent sections accordingly:

"SEC. 5. Such chapter 4 is amended by adding at the end thereof the following new section:

"SEC. 143. Priorities: In order to give priority to the unfilled strategic requirements of our own United States forces, as well as our allies who have entered into mutual defense pacts with the United States, no jet planes of late model being currently procured for the United States or friendly countries under the Mutual Security Program shall be delivered under this act to any country which has not joined with the United States in agreements of mutual self-defense until such authorized requirements have been certified by the Secretary of Defense to be adequately met, or such country has entered into mutual defense agreement or arrangements with the United States upon such terms or conditions as are satisfactory to the President."

The CHAIRMAN. The gentleman from Pennsylvania [Mr. FULTON] is recognized in support of his amendment.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield to the gentleman from Minnesota.

Mr. JUDD. Does not the gentleman's amendment belong on page 4, following the next section?

Mr. FULTON. No. I am adding it at this particular point.

Mr. JUDD. The amendment says it is to chapter 4. We have not got to chapter 4 yet. The next section amends chapter 4.

Mr. FULTON. My amendment is a condition on the military aid being supplied. If the staff feels that it is not at the proper place I will yield the floor. However, this amendment was prepared to be offered at this particular place in the bill as suggested by our own committee staff. I will be glad to explain the amendment.

This amendment states that the policy of the Congress of the United States is that we fill our own strategic requirements for recent model jet planes, as well as the requirements for modern jet planes of our allies who are in alliance with us, before the United States will supply countries who are not in alliance with us. So, in effect, it says to the Yugoslav Communists "You will not be supplied the modern jet airplanes under this program unless you enter into binding agreements of mutual aid with the United States satisfactory to the President." This means that unless Tito actually agrees to align himself with the West, Yugoslavia will get no recent model jet planes under this program.

It does not shut Yugoslavia off completely, because this amendment leaves the strategic determination to the Secretary of Defense. If the Secretary of Defense certifies that the strategic needs of our own United States forces and those of our allies under the mutual-aid pacts are adequately fulfilled, so that the present strategic deficiencies are met, then Yugoslavia would get recent model jet planes. Otherwise Tito will not get modern United States jet planes until the United States has our own Air Force and our allies satisfied as to their requirements first.

We must remember that Yugoslavia is in the middle, playing the East against the West, and each against the other, where they can. The question is, Will Tito go the other way or will he go with the West? This says to Yugoslavia: "If you want to go along with the West, join in mutual-defense pacts against aggression and the United States will treat you better on foreign aid." But I oppose giving jet planes to Yugoslavia when the committee has said that Yugoslavia is not living up to the right of inspection of the United States arms program. I am afraid these birds will fly away, or be used against our own United States fliers.

On August 19, 1946, an unarmed American transport plane, en route from Austria to Italy was shot down by Yugoslavia on orders and five of its occupants died. A similar but not fatal attack had occurred 10 days earlier and the personnel of the United States plane had been taken into Yugoslav custody after it crash landed. Have we American citizens forgotten?

The Yugoslav-Communist government has attacked religion and the Catholic Church, and has imprisoned many Christian patriots. Archbishop Stepanic was imprisoned for 16 years and was still in his prison cell in 1951 when he was

interviewed, and still remains jailed, and religious liberties suppressed. Let us look at newspaper headlines: March 1952 headline "Yugoslavs Plan Purge of Courts."

In August 1953 "Yugoslav Reds Plan Purge, Tighten Party's Discipline."

October 1953, "Yugoslavs Attack Three Allied Embassies."

In 1954, January, "Tito's Purge Plan Stills Yugoslavs. Liberals Go Silent on Djilas Ouster as Leader Frowns on Western Ideas."

October 1953, "United States Student Beaten Up in Belgrade."

March 1954, "Yugoslav Chiefs Bar Free Politics."

November 1954, "Yugoslavs Widen Rift With Church."

In 1954, "Cleric Pleads Guilty on Yugoslav Charge. Bishop Arsenije Bradavarevic; 71-Year Orthodox Metropolitan of Montenegro Pleaded Guilty to Charges of Conspiring Against the Yugoslav State at His Trial Here Today." We in the United States know what pressures are put by Communists to obtain such phony confessions.

February 1955, "Yugoslav Press Assails United States Foreign Policy. Washington's Acts in Far East and Latin America Subject of Unusual Criticism."

June 2, 1955, "Tito's Stand on Atom Irks United States."

June 2, 1955, "Tito and Russians Concur on China and German Unity."

June 2, 1955, "Tito's Policy of Coexistence Shows a Slight Bias to the Left."

The question here then is whether instead of giving such planes to Yugoslavia we shall simply say to Tito: "Look, the United States does not like the Communist government actions, Yugoslav version. You will get better treatment if you join with the West and stop the repression of the fine Yugoslav people." This amendment also says to Communist Dictator Tito, "While you are in your present policy where you will not give the United States military assistance group in Yugoslavia the right even to see the military equipment the United States delivers, then the United States will not deliver to you the most modern jet planes." Why should the United States deliver modern jet planes to a Communist dictatorship which is suppressing the Yugoslav people, and threatening by such jet force our good allies, the Italian people?

Mr. Chairman, this amendment is a defense matter for the United States of America and a slight warning to Tito.

Mr. RICHARDS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the facts are we have agreements with Yugoslavia as required of every country getting military aid, but we do not have a mutual-defense pact. I think that is as it should be. I would not want this country to be committed to go to war just because Yugoslavia wanted to go to war.

But the real point I want to make is that the gentleman's agreement does not meet the issue of aid to Yugoslavia. It does not even say we will not give aid to Yugoslavia; it says there will not be any modern jet planes to send to Yugoslavia. I think the whole matter should be left to the discretion of the Presi-



dent as to what military aid should be given. It might be of one kind or another; the need might be for something entirely different than we foresee today. I am sure we are not going to send jet planes or anything else if it is not in the interest of the United States.

Mr. HAYS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield.

Mr. HAYS of Ohio. If the gentleman will note the amendment, it does not say "jet planes"; it merely says "new, late model jet planes."

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield.

Mr. JUDD. Does the gentleman have any information that we have ever asked Tito to go into a mutual defense pact with us?

Mr. RICHARDS. No; we do not want it; we have not indicated that we wanted it.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield to the gentleman from Pennsylvania.

Mr. FULTON. I believe we would like Tito, as United States policy, to join an organization like the North Atlantic Treaty Organization.

Mr. RICHARDS. I do not know whether we would or not.

Mr. FULTON. He will not say that he is with the West, and he is completely against our position in the Far East. Certainly we should not program late model jet planes to him without some conditions on them. I want the conditions.

Mr. RICHARDS. Tito has a military alliance with Greece and Turkey, and everybody admits that Greece and Turkey are two of the strongest and most determined allies we have. That is an entirely different situation. That involves their military security. Suffice it to say, the United States is not bound militarily to anything Yugoslavia might do and neither is Yugoslavia bound to the United States in anything it might do.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield to the gentleman from Minnesota.

Mr. JUDD. Would it be a good idea to have Yugoslavia in NATO at the present time? Would we want to invite Yugoslavia into NATO?

Mr. RICHARDS. I do not know about that. I do not think anybody would seriously propose that.

Mr. DODD. Mr. Chairman, I move to strike out the last word. I would like to ask the gentleman from Pennsylvania, who has offered this amendment, if he would agree to insert it in the name of Yugoslavia? It appears that might satisfy some people here who have raised a question about it. If that is what the gentleman is driving at, why not say so and give us an opportunity to vote directly on the question?

Mr. FULTON. That is meant, of course. It is just Tito who is getting jet planes from the United States without a mutual-security pact, so it does concern Yugoslavia military aid directly.

Mr. DODD. I know it hits Tito, but it may hit a lot of other people we do not want to hit.

Mr. FULTON. I would be glad to state that it is my intention by this amendment to restrict modern jet airplane shipments to Tito. The amendment means that the Yugoslav Communist regime should not get recent model jet planes while there are strategic requirements of the United States forces unfilled and strategic requirements of our allies unfilled.

Mr. RICHARDS. Mr. Chairman, if the gentleman wishes to propose an amendment to the amendment I should like to clarify the situation. He has not offered an amendment to the amendment. As I understand it, there is no other amendment pending but the gentleman's amendment?

The CHAIRMAN. There is nothing pending except the amendment offered by the gentleman from Pennsylvania.

Mr. FULTON. I am stating the intention of my amendment.

Mr. DODD. Mr. Chairman, could we have the amendment offered by the gentleman from Pennsylvania read again?

The CHAIRMAN. Without objection, the Clerk will again report the amendment offered by the gentleman from Pennsylvania.

There was no objection.

The Clerk reread the Fulton amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania [Mr. FULTON].

The amendment was rejected.

The Clerk read as follows:

Sec. 5. Title I, chapter 4, of the Mutual Security Act of 1954, which relates to general provisions relating to mutual defense assistance, is amended by changing section 142, which relates to agreements, as follows: Strike out the word "and" at the end of subsection (10) and change the semicolon preceding that word to a period; change the portion of subsection (11) preceding paragraph (i) thereof to read as follows:

"(11) In cases where any commodity is to be furnished on a grant basis under chapter 2 or chapter 3 of title I or under title II of this act under arrangements which will result in the accrual of proceeds to the recipient nation from the import or sale thereof, such assistance shall not be furnished unless the recipient nation shall have agreed to establish a special account, and—"

The CHAIRMAN. The Clerk will report the committee amendments.

The Clerk read as follows:

Page 5, line 20, after the colon insert: "After 'Sec. 142. Agreements:' insert '(a)'"

The committee amendment was agreed to.

The Clerk read as follows:

Committee amendment. Page 5, line 22, strike out "subsection" and insert "paragraph."

The committee amendment was agreed to.

The Clerk read as follows:

Committee amendment. Page 5, line 23, after the semicolon insert "and."

The committee amendment was agreed to.

The Clerk read as follows:

Committee amendment. Page 5, line 24, strike out "subsection" and insert "paragraph."

The committee amendment was agreed to.

The Clerk read as follows:

Committee amendment. Page 5, line 24, strike out "paragraph" and insert "subparagraph."

The committee amendment was agreed to.

The Clerk read as follows:

Committee amendment. Page 5, line 25, after the colon insert: "and in lieu of all of that part of the present paragraph (11) which precedes subparagraph (i) thereof, insert the following."

Mr. RICHARDS. Mr. Chairman, I offer an amendment to the committee amendment. There is an error in the print on line 25 which has just been read.

The Clerk read as follows:

Amendment offered by Mr. RICHARDS to the committee amendment: On page 5, line 25, after the colon, strike out the words "and in lieu" and on page 6 strike out all on lines 1 and 2.

The amendment was agreed to.

The committee amendment as amended was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Page 6, line 3, strike out "(11)" and insert "(b)."

The committee amendment was agreed to.

Mr. BENTLEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BENTLEY: Page 5, line 17, before the word "Title", insert "(a)"; and on page 6, after line 9, insert the following subsection:

"(b) That part of section 142 of the Mutual Security Act of 1954 which, by subsection (a) of this section, has been designated as subsection (a), is further amended as follows:

"(1) At the end of paragraph (10) thereof strike out the period and insert a semicolon and the word 'and.'

"(2) After such paragraph (10) insert the following new paragraph:

"(11) administer its policies and programs, and exercise its influence in international organizations of which it is a member, so as to support other peoples in their efforts to achieve self-government or independence under circumstances which will enable them to assume an equal station among the free nations of the world."

Mr. BENTLEY. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

(Mr. BENTLEY asked and was given permission to revise and extend his remarks.)

Mr. BENTLEY. Mr. Chairman, referring to the episode of a little while ago, I certainly want to express my appreciation of the support I found from my colleague from Michigan, and I also wish to assure the members of the committee that I am happy about every-



thing that took place, and not mad at anyone, including my very good friend from Ohio. I sometimes see parliamentary maneuvers taking place on the floor which makes me feel I am very much of a sophomore as far as the House is concerned.

Mr. Chairman, the language of this amendment should sound rather familiar to the committee, because I have adopted the language in part from a resolution which the House unanimously passed last week, to wit, House Concurrent Resolution 149, which was offered by the distinguished majority leader, the gentleman from Massachusetts [Mr. McCORMACK]. And, if the memory of the committee is short, I would like to read that concurrent resolution. It says:

*Resolved by the House of Representatives (the Senate concurring), That it is the sense of the Congress that the United States should administer its foreign policies and programs and exercise its influence through its membership in the United Nations and in other international organizations so as to support other peoples in their efforts to achieve self-government or independence under circumstances which will enable them to assume an equal station among the free nations of the world.*

My amendment, Mr. Chairman, would come into the present legislation under section 142 entitled "Agreements of the Mutual Security Act of 1954," which starts off by saying:

No assistance shall be furnished to any nation under this title unless such nation shall have agreed to.

Then there are various conditions laid down for agreements on the part of the recipient nations before they can receive assistance. My idea is to take the language of House Concurrent Resolution 149, which we adopted as the sense of the House last week, and ask that that be added to the list of requirements for the recipient nations. In other words, that the recipient nations, the nations that are going to get our military aid, administer their policies, their programs, exercise their influence in international organizations, so as to support other people in their efforts to achieve self-government or independence. That is what I want to have done.

I understand that some people may say, "Well, you cannot hold a gun to other people's heads and make them do this sort of thing." I refer again to the language of House Concurrent Resolution 149 adopted by the House last week. It says:

It is the sense of the Congress that the United States should administer its foreign policies and programs.

To carry this out.

If we are not talking about a foreign policy and about a foreign program today, frankly I do not know what we are discussing. My amendment very simply would require any country that wants to get military assistance, be it one of the former colonial nations or otherwise, to carry out their own policies and programs, and to lend their influence in the U. N. and in other places to follow along the sense of what is the keystone of our own foreign policy, to wit: That the

other peoples who want self-government and independence shall be able to achieve that.

Of course, we can all think of various places in the world where that might apply. It might apply to the Island of Cyprus, where there have been some rather startling developments in the last few days, according to the papers. It might apply to certain portions of north Africa where we have seen recently that our French friends took planes and troops out of Europe, where they were supposed to be stationed under NATO commitments, and sent them to Africa for the purpose of putting down a rebellion.

I do not say that these territories and these countries should immediately be given independence from their former overlords, so that the overlords would qualify for our military assistance. But I do say that all powers, colonial and otherwise, should endorse the principles which the House has already itself adopted as the keystone of the United States foreign policy.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. BENTLEY. I yield to the gentleman from Pennsylvania.

Mr. FULTON. Actually the gentleman's amendment say that these countries shall receive no aid unless they enter into the fight affirmatively against colonialism and communism. So automatically that would bar both kinds of communism, and would bar Tito, too, would it not?

Mr. BENTLEY. That is true.

Mr. DONOVAN. Mr. Chairman, will the gentleman yield?

Mr. BENTLEY. I yield to the gentleman from New York.

Mr. DONOVAN. If we adopt the gentleman's amendment and other amendments that he has heretofore espoused and some which he may offer before this bill is read to completion; and if, for example, we went a little bit further and gilded the lily in the direction of all the hues and tints the gentleman suggests, and specifically provided, no more aid to our ally, France, if she did not give Morocco its freedom immediately; and went a little bit further and said to our ally, the United Kingdom, "We will extend no military aid to you unless you immediately set up a free state, call it Mau Mau, in east Africa; if all those suggestions were adopted in this bill, would the gentleman conceivably vote for this bill on final passage?"

Mr. BENTLEY. I will say to my very good and able committee colleague from New York that in the first place I have no further amendments to offer on this bill. The only other amendment which I offered originally—

Mr. DONOVAN. If the gentleman will forget the parenthesis and just answer the question.

Mr. BENTLEY. I will say this, that if we were able to get these other countries to go along with us on the keystone of our foreign policy, which we have already adopted, so that we could—

Mr. DONOVAN. Will the gentleman please answer my question? If the bill were decorated in all the tints and hues

and colors the gentleman desired, would he vote for it on final passage?

Mr. BENTLEY. I am glad to say to my distinguished friend from New York that I made the statement this morning, in my opening remarks, that I was not opposed to foreign aid.

Mr. DONOVAN. That was a simple yes or no question; would the gentleman vote for the bill?

Mr. BENTLEY. Yes; but seriously—

Mr. DONOVAN. Now, is it "yes" or "no"?

Mr. BENTLEY. The answer is "Yes." But I would like the gentleman to listen to what I am about to say. One of the reasons for the trouble we have had in the Far East and the Near East in the past is because we have been tarred with the colonial brush. Maybe it was not our fault, but we found out at Bandung that we had some pretty good friends among the former colonial nations of the world. I think the adoption of House Concurrent Resolution 149 last week was a tremendous encouragement to those people. I think the fact we have not only been putting that forth as our own foreign policy but have been endeavoring to get our friends and allies to go along with us in such a sense would be a further encouragement to the nations whose help we so much require in this world.

Mr. DONOVAN. Would the gentleman agree to this: If the gentleman's amendment were adopted, it is true, is it not, that we could not lend aid to France as long as France had divisions in French Morocco putting down the French Morocco revolution?

Mr. BENTLEY. May I say this to the gentleman?

Mr. DONOVAN. That is a simple question.

Mr. BENTLEY. No; it is not. I want to tell the gentleman this. Any country that did not get aid if this amendment were adopted would be disqualifying itself.

Mr. DONOVAN. The answer to my question is "Yes"?

Mr. BENTLEY. They would not have to give independence to their colonies immediately; they would merely have to say they would go along.

Mr. DONOVAN. Is the answer to my question "Yes"?

Mr. GROSS. I wonder how the gentleman from New York voted on the resolution the other day.

Mr. BENTLEY. I think he voted "yes" if he were here. I did not see any negative votes.

Mr. McDONOUGH. Mr. Chairman, will the gentleman yield?

Mr. BENTLEY. I yield to the gentleman from California.

Mr. McDONOUGH. Is not the gentleman saying in effect that if we meant what we said when we voted for that resolution the other day this is the only practical opportunity we have to implement it and say to the world that we do not agree with that kind of government, and we ought to put it into this bill and tell the world we do not like that kind of government?

Mr. BENTLEY. I will say to the gentleman from California, again, if we stated in this resolution we should ad-



minister our foreign policy and program so as to support other peoples in their efforts for freedom, if there is a better way to implement it than in this bill I do not know what it is.

Mr. HAYS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. BENTLEY. I yield.

Mr. HAYS of Ohio. I am serious about trying to get information. The French say Morocco is part of France, so would the gentleman's amendment apply in that case?

Mr. BENTLEY. I will say that the administration of this amendment, if it is adopted, would be left up to those people who are administering the rest of the bill and who are already charged under the law with respect to the administration of the rest of the provisions.

Mr. HAYS of Ohio. They would have to decide?

Mr. BENTLEY. They would have to make the decision subject to congressional approval and review.

Mr. RICHARDS. Mr. Chairman, will the gentleman yield?

Mr. BENTLEY. I yield to the gentleman from South Carolina.

Mr. RICHARDS. I believe the gentleman mentioned the McCormack resolution unanimously expressing the opinion of Congress as being against communist colonialism.

Mr. BENTLEY. And other forms of colonialism.

Mr. RICHARDS. That was passed just a few days ago. Is it not a fact that if the gentleman's amendment is adopted it will tend to prevent military aid from going to certain colonial areas where we have military bases of our own located?

Mr. BENTLEY. May I say to my distinguished chairman, and I repeat, I think that any country that does not get aid if this amendment is adopted is thereby disqualifying itself. We are not saying they have to give immediate independence to all countries under their sovereignty. They would not be disqualifying themselves unless they refused to endorse the principles which we have already adopted here in the Congress. That is all I am saying. I am not asking for immediate independence for all of these people, some of whom may not be able to digest independence. I merely say the recipient nations, our friends and allies, I hope, will go along with us on the principles we have already adopted.

Mr. POAGE. Mr. Chairman, will the gentleman yield?

Mr. BENTLEY. I yield to the gentleman from Texas.

Mr. POAGE. Would the gentleman suggest whether he considers this would be applicable to India in connection with the occupation of the Kashmir?

Mr. BENTLEY. I do not think so, because this is applied only to those countries getting military assistance.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. BENTLEY. I yield to the gentleman from Minnesota.

Mr. JUDD. Does the gentleman think his amendment would include aid to Spain because of its possession of Spanish Morocco?

Mr. BENTLEY. Has the gentleman from Minnesota any information that the people of Spanish Morocco want independence?

Mr. JUDD. No; but I want to be sure exactly what is included in the gentleman's amendment. I am asking for information.

Mr. BENTLEY. I would say it would apply to other peoples in their efforts to achieve self-government and independence. If those other peoples have not made such efforts, I would not say it would apply.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. BENTLEY. I yield to the gentleman from Pennsylvania.

Mr. FULTON. I would say the gentleman's statement is that Congress intends to implement in the foreign policy of the United States the policies that were adopted by this Congress by unanimous vote in passing House Concurrent Resolution 149, which I helped sponsor.

Mr. BENTLEY. This is the first foreign policy bill we have had to act on since the passage of House Concurrent Resolution 149. I think it would be a very fine implementation on the part of the House to carry it out.

Mr. FULTON. The administration is left with the Department of State, where it should be?

Mr. BENTLEY. Quite properly so.

Mr. HAYS of Arkansas. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I agree thoroughly with what the gentleman has said about our purposes and our desire to cooperate in the elimination from our world of every vestige of colonialism. That is the sentiment of this House, as has been repeatedly stated in the House, particularly on the day Concurrent Resolution 149 was adopted. I was interested enough in his purpose to attempt to work out language which would be acceptable from all points of view. The committee did adopt language appearing on page 21, which I think goes as far as the Congress would be justified in going. That language says:

It is the sense of the Congress that assistance under this act shall be administered so as to assist other peoples in their effort to achieve self-government or independence under circumstances which will enable them to assume an equal station among the free nations of the world.

Of course, the committee will recognize that the language is almost identical with the language of the McCormack resolution. The gentleman from Michigan proposes to add two things—one, that no funds shall be expended under this act to a nation which does not conform to this—and who is to determine it? The administration. That is an impossible task which we would be putting on them. Second, the gentleman proposes to add that no nation shall participate in this program that does not, through its representatives in the United Nations, conform to this standard. So, if we should adopt the gentleman's language, we would not only create a complex problem for the administration, but we would destroy the sense of community and cooperation in NATO, in the United

Nations, and wherever we and our allies sit down together to make common cause to prevent aggression. It is for that reason that I think it would be disastrous to adopt this language as proposed by the gentleman from Michigan. It is only because we would say by the gentleman's language that not a dollar could be spent if it goes to France, for example, as long as any trace of colonialism remains in Africa or Indochina or anywhere in the world; that it would erect barriers that would cripple our united defense program.

Or consider Portugal. Portugal has two small enclaves in India. What would we do about plans already worked out for the Azores which are an integral part of our European defense? Portugal is not going to release the enclaves, at least not within the foreseeable future, if we can go by her declarations. Yet I think she ought to release them, and I share the gentleman's feeling on that point. But do we want to sacrifice a defense area because Portugal has a different idea?

Mr. Chairman, if anything is evident from the developments of this century, it is that the peoples of the world are demanding independence everywhere. But this movement involves very complicated relationships in government. The British Commonwealth has altered its policies in conformity to these pressures, and they ought to alter them. Jamaica has already a new status. Only 2 days ago the island of Cyprus was given to understand by Britain that her policies there will be altered. It certainly involves domestic problems as well as principles or colonialism. Suppose others should say to us if our representatives should have to declare we cannot proceed further with our military program for General Gruenther's operations, for example, because of this language—suppose they should say, "Well, when does the United States expect to give statehood to Hawaii?"

Many of us think we have done pretty well in giving a degree of self-government to Puerto Rico and to others but it is controversial in this very field. We made a wonderful demonstration in the Philippines, but we are charged with having colonial policies in some of the Pacific islands. We will be tying the hands of our administration if we write such language into the bill. I say that with great respect for the gentleman from Michigan whose idealistic approach has a strong appeal.

Mr. BENTLEY. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Arkansas. I yield.

Mr. BENTLEY. May I ask my good friend, the gentleman from Arkansas, if he does not think that the friendship of the former colonial peoples in the Far East and in the Near East is as important to us as the friendship of colonial nations in Europe?

Mr. HAYS of Arkansas. I think the friendship of the former colonial peoples is, indeed, extremely important. I am not sure that we have done all that we should. I agree with the gentleman's implied criticism. We did, however, help Indonesia. We strained our relationship perhaps with the Netherlands Govern-



ment because it was evident in tangible ways that we proposed to help Indonesia. But for the gentleman to adopt language, which he agrees would have the effect which I described, means that we might as well not approve this bill if it were to be faithfully observed. It is only because it presents such difficulties in the field of diplomacy that I offer this word of caution and suggest that we confine our expressions about colonialism to the language on page 21 of the bill.

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

[Mr. HAYS of Ohio addressed the Committee. His remarks will appear hereinafter in the Appendix.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. BENTLEY].

The question was taken; and on a division (demanded by Mr. BENTLEY) there were ayes 41, noes 126.

So the amendment was rejected.

Mr. RICHARDS. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. COOPER, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill (S. 2090) to amend the Mutual Security Act of 1954, and for other purposes, had come to no resolution thereon.

#### LEGISLATIVE APPROPRIATION BILL, 1956

Mr. NORRELL. Mr. Speaker, the Committee on Appropriations expects to report the legislative appropriation bill on Thursday next. I ask unanimous consent that it may be in order on Friday to consider on that day, if reached in the disposition of business before the House, the legislative appropriation bill.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

#### CONSTITUTIONAL CONVENTION IN ALASKA

Mr. DELANEY from the Committee on Rules, reported the following privileged resolution (H. Res. 292, Rept. No. 1025), which was referred to the House Calendar and ordered to be printed:

*Resolved*, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 5166) relating to a constitutional convention in Alaska. After general debate, which shall be confined to the bill, and shall continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Interior and Insular Affairs, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the

bill and amendments thereto to final passage without intervening motion except one motion to recommit.

#### FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. McBride, one of its clerks, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6367) entitled "An act making appropriations for the Department of Commerce and related agencies for the fiscal year ending June 30, 1956, and for other purposes."

The message also announced that the Senate agrees to the amendments of the House to Senate amendments numbered 29, 43, and 48 to the above-entitled bill.

#### COMMITTEE ON PUBLIC WORKS

Mr. KLUCZYNSKI. Mr. Speaker, by direction of the Committee on Public Works I ask unanimous consent that that committee may have until midnight tonight to file a report on the bill H. R. 3210.

Mr. MARTIN. Mr. Speaker, what is that bill?

Mr. KLUCZYNSKI. It is the water development bill.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

Mr. BYRNES of Wisconsin. Mr. Speaker, I object.

#### CORRECTION OF ROLL CALL

Mr. PASSMAN. Mr. Speaker, on roll-call No. 100 I am recorded as being absent. I was present and voted "yea" and I ask unanimous consent that the Record and Journal be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

#### MISSING PERSONS ACT

Mr. KILDAY. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (H. R. 6726) to continue the effectiveness of the Missing Persons Act, as extended, until July 1, 1956.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

Mr. MARTIN. Mr. Speaker, reserving the right to object, and I shall not object because I understand this must be passed today or the law will lapse.

Mr. KILDAY. That is correct. It is simply an extension of 1 year.

Mr. GROSS. Mr. Speaker, reserving the right to object, does this concern the military personnel?

Mr. KILDAY. This involves the Missing Persons Act that was passed in 1942 and which expired in 1947 and reenacted in 1948 under which the dependents

of missing military personnel are paid while the status of the personnel is missing.

Mr. GROSS. It is not being carried on then for the purpose of further concealing the number of losses we had in Korea?

Mr. KILDAY. No.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There being no objection, the Clerk read the bill, as follows:

*Be it enacted, etc.*, That section 15, Missing Persons Act (56 Stat. 147, 1093), as amended, is further amended by deleting the word "July 1, 1955" and inserting in lieu thereof "July 1, 1956."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. KILDAY. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 2266) to continue the effectiveness of the Missing Persons Act, as extended, until July 1, 1956, which is similar to the bill just passed.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read the bill, as follows:

*Be it enacted, etc.*, That section 15, Missing Persons Act (56 Stat. 147, 1093), as amended, is further amended by deleting "July 1, 1955" and inserting in lieu thereof "July 1, 1956."

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

The proceedings whereby the bill H. R. 6726 was passed were vacated, and that bill laid on the table.

#### SALARIES OF THE JUDGES OF THE COURTS OF THE DISTRICT OF COLUMBIA

Mr. McMILLAN. Mr. Speaker, I call up the conference report on the bill (S. 727) to adjust the salaries of the judges of the municipal court of appeals for the District of Columbia, the municipal court for the District of Columbia, the juvenile court of the District of Columbia, and the District of Columbia tax court, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of June 27, 1955.)

Mr. McMILLAN. Mr. Speaker, I yield myself such time as I may desire.

Mr. Speaker, in order to explain this conference report, I would like to state that this is the second time that the conferees have brought this conference re-







# Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE  
(For Department Staff Only)

Issued July 1, 1955  
For actions of June 30, 1955  
84th-1st, No. 111

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HIGHLIGHTS: Both Houses passed bill to provide temporary appropriations (including ACP item) and to provide for increased pay costs. House passed mutual security bill. Both Houses received Hoover Commission reports on water resources and power, paperwork management, Pt. 2, and final report. Senate committee reported bill to extend Defense Production Act. Senate passed bill to extend public debt limit. House received conference report on State, Justice appropriation bill.

## HOUSE

- 1. APPROPRIATIONS.** Both Houses passed H. J. Res 366, to authorize transfer of unobligated balances as of June 30, 1955, for retroactive 1955 costs of the Federal Employees Salary Increase Act of 1955, to make indefinite appropriations for this purpose to the extent that the unobligated balances are insufficient, and to provide temporary appropriations for those agencies for which the 1956 appropriations have not yet been enacted (pp. 8202-3, 8240-1). This measure is now ready for the President.

Both Houses agreed to the conference report on H. R. 6042, the Defense Department appropriation bill (pp. 8154-5, 8212-8). This bill is now ready for the President.

Both Houses agreed to the conference report on H. R. 6239, the D. C. appropriation bill (pp. 8151-6, 8218). This bill is now ready for the President.

Received the conference report on H. R. 5502, the State, Justice, and Judiciary appropriation bill (H. Rept. 1043) (pp. 8276-8).
- 2. FOREIGN AID.** Passed with amendments S. 2090, the mutual security aid bill (pp. 8218-39, 8242-75). Agreed to an amendment by Rep. Vorys to provide that the sense of Congress shall be that loans should be made rather than grants



wherever possible in the foreign assistance program (pp. 8270-1). By a vote of 181 to 51, agreed to an amendment by Rep. Bonner to delete language exempting the shipping of surplus agricultural commodities from the requirement that at least fifty percent must be shipped in American ships (pp. 8256-65). The committee amendment to exempt Public Law 480 shipments from this requirement was ruled out of order (as not being germane) on a point of order raised by Rep. Mills (p. 8272). House conferees were appointed. Senate conferees have not yet been appointed. (pp. 8218-39, 8242-75).

3. WATER RESOURCES. Both Houses received the Hoover Commission report on water resources and power (H. Doc. 208) (pp. 8156-7, 8287).
4. PAPERWORK. Both Houses received the Hoover Commission report on paperwork management (H. Doc. 207) (pp. 8156, 8287).
5. ORGANIZATION. Both Houses received the final report of the Hoover Commission (H. Doc. 209) (pp. 8157, 8287).
6. FORESTS. Rep. Johnson, Wis., inserted several resolutions adopted by the Western Association of State Game and Fish Commissioners urging consideration of funds for revegetating the western ranges with browse species; funds for recreational facilities in national forests; regulation of forest-mining procedures; management of game on Federal lands; protesting the disposal of Bankhead-Jones lands; public ownership of forest lands in Arizona; and regulation of water resources and power sites in Western States (pp. 8279-80).
7. WILDLIFE. Rep. Johnson, Wis., inserted several resolutions adopted by the Western Association of State Game and Fish Commissioners urging consideration of H. R. 6502, which would allocate certain funds for Federal aid to States for wildlife preservation (p. 8279).
8. FINANCE. Rep. Patman inserted several newspaper articles relating to credit activities controlled by the Federal Treasury and suggested that the Treasury's measures were to the detriment of the farmer (pp. 8282-6).
9. INFORMATION. Received a draft of proposed legislation from the United States Information Agency to amend the United States Information and Educational Exchange Act of 1948 (p. 8287).

#### SENATE

10. DEFENSE PRODUCTION. The Banking and Currency Committee reported with amendments S. 2391, to extend the Defense Production Act for 2 years (S. Rept. 696) (p. 8159).
11. PUBLIC WORKS. The Armed Services Committee reported with amendment H. R. 6829, to authorize certain construction at military, naval, and Air Force installations, which includes a revision of the provision for financing certain military housing in foreign countries through the furnishing of surplus agricultural commodities (S. Rept. 694) (p. 8159). This bill was made the unfinished business (p. 8207).
12. PERSONNEL. Passed as reported H. R. 5560, to make permanent the existing privilege of free importation of personal and household effects brought into the U. S. under Government orders (pp. 8176-7). Later in the day the House agreed to the Senate amendments (pp. 8241-2). This bill will now be sent to the President.



tional economic system. It is therefore the purpose of this act to provide for the termination, to the maximum feasible extent, of all commercial activities engaged in by the Federal Government in the United States which compete with private enterprise.

It is declared to be the policy of the Congress that the Federal Government shall not engage in business-type operations competitive with private enterprise except where it can be demonstrated that it is necessary for the Government itself to perform such operations in furtherance of national programs and objectives legally established.

So far as I have been able to learn the only objection raised to the purpose of the bill was that of a comparatively few Members who had in their districts a federally operated activity which admittedly was in competition with private enterprise but which because of local interests some Members desired be continued.

The bill itself was objectionable to many of us because section 6 carried a proviso "that nothing herein contained shall apply to any Government type operations being carried on on the effective date of this act."

Obviously that provision, which was a committee amendment to the bill, to a great extent nullified the purpose of the bill. However, those who supported it hoped and expected that the proviso would be stricken in the other body. The other body did not give consideration to the bill before adjournment.

The administration by Executive order is now attempting to carry out the policy enunciated in the bill.

More recently and on May 12, last, when H. R. 6042 making appropriations for the Department of Defense for the fiscal year ending June 30, 1956, and for other purposes was before the House, it carried what might properly be known as the Sikes declaration of policy. That was found in section 639 and it reads as follows:

No part of the funds appropriated in this act may be used for the disposal or transfer by contract or otherwise of work traditionally performed by civilian personnel of the Department of Defense unless it has been justified before the appropriate committees of Congress that the disposal is economically sound and that the related services can be performed by a contractor without danger to national security.

The apparent purpose was to effectively prevent the administration from carrying out its policy of relieving private business from competition by tax-supported activities.

When the Committee of the Whole House on the State of the Union had the bill under consideration the gentleman from Georgia [Mr. VINSON]—CONGRESSIONAL RECORD, page 5305—offered an amendment to strike from the bill on page 50 all of section 639 just read.

The Committee, after the adoption of a perfecting amendment, agreed to the Vinson amendment by a teller vote of 160 to 134.

Subsequently, when the House had the bill up for final passage a separate vote was demanded on the Vinson amendment and the yeas and nays being taken, the Vinson amendment was rejected by a record vote of 202 yeas to 184 yeas, with

48 Members not voting—CONGRESSIONAL RECORD, page 5312.

By that vote the House declared itself in opposition to the administration's policy of getting the Government out of business insofar as that policy affected the making of appropriations for the Department of Defense for the fiscal year ending June 30, 1956.

On that occasion the issue was just as clear as a noonday sun in a cloudless sky, or a full moon on a clear night.

It is my desire to go along with the administration on every possible occasion, with every legislative proposal.

That I will do except as I find those policies in conflict with deep and sincere convictions which I have held and expressed many times, not only by what has been said, but by votes which have been cast in this House.

Party loyalty, like many other things, is comparative. A casual glance back over the record at action on administrative policy will show that, on occasion, legislative spokesmen for the administration have exercised the right as well as the privilege to disagree with the administration.

Any other course would destroy representative government, thwart the will of the people, insure a dictatorship. A "yessing" Congress neither the President nor the people desire. Nor will the people in the end accept that kind of a legislative body.

The refusal of the House as it now considers the conference report to go on record by a yeas and nays vote on amendment 33 as proposed by the Senate is an evasion of the issue which is: Shall the Government continue to engage in business which can be carried on by private enterprise without injuriously affecting our national defense and which tends to dry up the flow of tax dollars into the Federal Treasury?

A subcommittee of the Committee on Government Operations recently had before it a bill H. R. 279 to provide for the termination of Government operations which are in competition with private enterprise.

Again the subcommittee agreed to an amendment of section 6 which added to the proviso the statement that "nothing herein contained shall apply to any Government business-type operations being carried on on the effective date of this act."

The subcommittee finally submitted to the full committee a clean bill, H. R. 7032, in which the Lantaff amendment just quoted in my judgment defeats the purpose of the bill. It is a gesture toward the adoption of a sound policy which falls completely short of reaching its destination.

When the bill, H. R. 7032, comes before the full Committee on Government Operations it is my hope that it will be replaced by H. R. 279, with the Lantaff amendment stricken, but with an amendment which will adequately protect these long-established activities of the Federal Government which are necessary to economically provide a national defense.

What we have been doing has been playing Finnegan's game of on again, off again, getting nowhere.

Those who oppose H. R. 279 admit that the Government has no business in business except as it is necessary for national defense. But they say that the bureaucrats and some in the Department of Defense are acting arbitrarily, unreasonably, and without reason preventing the best possible national defense at the lowest possible cost.

With that statement no fault is now found, no criticism is made. It will be conceded that the professional bureaucrats and included in that are some in the armed services, are just as ambitious to extend their fields of operations, just as greedy for power, as are some who are engaged in private enterprise.

Somewhere along the line this House, or more preferably and more properly the Government Operations Committee, should be able to find within its membership some of sufficient ability and courage to formulate an amendment which will protect our national defense and yet effectively get the Government out of competition with tax-producing enterprises.

Permit me to go on record as being willing not only to talk about the Government getting out but to vote to get it out, as I did the other day. The political angle is not difficult to understand. Everybody wants to go on record as being opposed to the Government getting into business which takes away its source of revenue—that is, the tax dollars. But at the same time, some desire to hold the favor and support of a group of Federal employees who are working on these Government projects which should be carried on by private business. Do you see what is being done—playing both ends against the middle. We never get around to a decisive vote. Is it not time that we do take a definite position. Then implement it by action. It is my hope that within the next week or two we can bring before this Congress a bill which will implement the administration's policies.

Mr. MAHON. Mr. Speaker, the Defense Department officials are liquidating some of their business operations within the Department, and I hope that they will continue to liquidate them. It can be done under the procedure outlined in section 638, but the Congress will be conferred with before the liquidation is done. I think that this will work out. I believe the committee will give a very friendly hearing and every encouragement to any effort to get the Government out of unnecessary business.

Mr. ARENDS. Mr. Speaker, will the gentleman yield?

Mr. MAHON. I yield.

Mr. ARENDS. The gentleman said he hopes the Government will proceed to try to get out of business expeditiously. I think the majority of the Members of Congress agree to that. Do you think there is anything in this particular amendment that will in any way hamstring officials from doing exactly what we want them to do?

Mr. MAHON. I think not. It might be in some cases there will be some delay, but I am convinced that the Committee on Appropriations and the Congress generally will go along in getting the Gov-



ernment out of business, as the committee in many instances has done in the past and will do in the future. Many of the Members, of course, want to do that. In view of the circumstances, I think we can live with the section. I am certain of that. I am making these remarks in part for the benefit of the Department of Defense, and I think officials should not be discouraged in doing everything which is appropriate and in the best interest of the taxpayers and in the cause of national defense.

Mr. Speaker, I yield 3 minutes to the gentleman from Pennsylvania [Mr. Flood], who has aggressively opposed efforts of the executive branch to reduce the Army and Marine strength.

Mr. FLOOD. Mr. Speaker, I am glad to see the conference has restored the cut made in the Marine Corps. I think, Mr. Speaker, that the House in its heart is really glad to know that the cut in the Marine Corps has been restored and that this great band of fighting men will be kept at the strength which they are today. We are just leaving them alone for at least another year. I believe that under all the circumstances, with the President himself approaching this very difficult period that he faces in this conference at the Summit, his right arm is strengthened, as it should be, as we approach these difficult days. I think this has been a commendable action to know that this has been done.

Mr. SIKES. Mr. Speaker, will the gentleman yield?

Mr. FLOOD. I yield to the gentleman from Florida.

Mr. SIKES. I feel that strengthening the Marines is a most significant and important step. This great branch of the service is our first line of defense. I want particularly to pay tribute to my friend from Pennsylvania [Mr. Flood] for the great fight he has made to have this very thing accomplished. I think that his efforts have been outstanding, and that he, as much as any other, deserves credit for this fine step that is being taken.

Mr. FLOOD. Of course, I will listen to that all day, but under the circumstances, Mr. Speaker, I yield back the balance of my time.

The SPEAKER. The question is on the motion.

The motion was agreed to.

A motion to reconsider the votes by which action was taken on the several motions was laid on the table.

#### DISTRICT OF COLUMBIA APPROPRIATION BILL, 1956

Mr. RABAUT. Mr. Speaker, I call up the conference report on the bill (H. R. 6239) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending June 30, 1956, and for other purposes, and I ask unanimous consent that the statement of the managers be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The Clerk read the conference report.

(For conference report and statement, see proceedings of the House June 29, 1955.)

The SPEAKER. The question is on the conference report.

The conference report was agreed to, and a motion to reconsider was laid on the table.

Mr. RABAUT. Mr. Speaker, I ask unanimous consent that I may revise and extend my remarks at the point in the Record where the conference report was agreed to.

The SPEAKER. Is there objection?

There was no objection.

[Mr. RABAUT addressed the House. His remarks will appear hereafter in the Appendix.]

#### COMMITTEE ON APPROPRIATIONS MEETING

Mr. TABER. Mr. Speaker, the Committee on Appropriations was adjourned until 11:30, but I understand they are going to meet right away and finish up some things that have to be done.

The SPEAKER. That is perfectly satisfactory to the Chair.

#### MUTUAL SECURITY ACT OF 1954

Mr. HAYS of Arkansas. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (S. 2090) to amend the Mutual Security Act of 1954, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill S. 2090, with Mr. COOPER in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on yesterday the Clerk had read through section 5, ending on line 9, page 6, of the bill. Are there further amendments to this section?

Mr. FEIGHAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FEIGHAN: On page 5, line 21, strike out the comma and the word "or" where they appear after the phrase "give such assistance", and insert in lieu thereof "and."

Mr. FEIGHAN. Mr. Chairman, this amendment involves the change of one word only; it deletes the word "or" and substitutes the word "and" in paragraph 10 of section 142 of the Mutual Security Act which appears on page 52 of the majority report.

I believe all the Members of Congress are vitally interested in making certain that all the foreign aid and assistance we give is used in accordance with the provisions of the law governing them and in the interests of the security of the United States and the free world.

This amendment has to do with making certain that the United States maintains the right to inspect the use of all assistance given to a foreign country; and, in addition, the executive branch of

the Government assumes full responsibility for seeing that the right of continuous observation and review by United States representatives of the program of assistance authorized under this title are carried out.

I hope there will be no objection to the fundamental right of the United States to full inspection of the foreign-aid programs which we finance. It is quite possible that the language as it now appears is inadvertent and that due to an oversight it has not been corrected up until now.

I hope the Members of the Committee will accept my amendment.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. FEIGHAN. I am glad to yield to the very able gentleman from Minnesota.

Mr. JUDD. I find myself in agreement with the gentleman's amendment. I hope it will be accepted.

Mr. RICHARDS. Mr. Chairman, will the gentleman yield?

Mr. FEIGHAN. I am happy to yield to the very distinguished, able chairman of the committee.

Mr. RICHARDS. I think the bill as written does what the gentleman wants to do. The effect of the gentleman's amendment, if anything, is to tighten up the requirements of examination to see what is being done with this mutual security aid.

I will not object to the gentleman's amendment.

Mr. MORANO. Mr. Chairman, will the gentleman yield?

Mr. FEIGHAN. I yield to the distinguished gentleman from Connecticut.

Mr. MORANO. I agree with this amendment. We have had testimony before our committee which indicated that some countries do not permit adequate inspection, so we do not know what is being done with our mutual assistance aid to them. I think the amendment is a good one.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio [Mr. FEIGHAN].

The amendment was agreed to.

Mr. BUDGE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BUDGE: On page 5, line 21, before the word "insert", insert the following: "; strike out the semicolon at the end of paragraph 3 and insert the following: ', and only so long as it shall waive all criminal jurisdiction over personnel of the Armed Forces of the United States stationed in such nation as a result of such treaties or agreements.'"

Mr. BUDGE. Mr. Chairman, the Members will recognize this amendment which was adopted overwhelmingly by the House, that is in principle at least, when the gentleman from Ohio [Mr. Bow] offered his amendment to the military Reserve training bill. There was objection to the language offered by the gentleman from Ohio [Mr. Bow] in that it would require renegotiation of all these treaties which we have with nations all over the world.

In that I feel that objection to have been eliminated in the amendment now before you, I wish to call the attention of the Members particularly to the lan-



guage which I propose here this morning and which I hope the committee will see fit to accept. The language simply says that in order to qualify for assistance under this program, the foreign nations shall receive the assistance only so long as they waive all criminal jurisdiction over the personnel of the Armed Forces of the United States stationed within the boundaries of the nation receiving the assistance. That has been in the main the policy which has been followed by most of the nations wherein American troops are stationed.

Mr. Chairman, may I say incidentally that we have troops at the present time stationed in approximately 40 nations all over the world, most of which nations have no concept of the American form of justice, most of whom have an entirely different criminal code for punishment for different offenses, and none of whom adhere to the constitutional guaranties of a fair trial which is one of the most valuable birthrights of every American citizen. Other nations try to preserve the customs of their nations with which our personnel in the Armed Forces cannot be familiar.

In the past few years there have been some 7,400 offenses committed against the laws of other nations by the armed personnel of the United States. In all but 178 cases there has been no sentence of confinement by a foreign nation. There are as of the 1st of February of this year 58 members of the Armed Forces of the United States incarcerated in the prisons of foreign nations. This amendment is directed at stopping the imprisonment of the 58 and the ones who may be sentenced in the future.

I can think of nothing more reasonable than to say to the troops of this Nation, most of whom are draftees sent abroad against their will, that as long as you are serving under the flag of the United States we will continue to provide you with your constitutional guaranties of trial in the American way and not in the foreign way of nations to which we may send you for the convenience and the protection of these United States. I think it is entirely reasonable to expect these nations and every one of them to waive criminal jurisdiction over our boys so long as they are receiving military and financial assistance from the Government of the United States. If our assistance is not that much appreciated it should not be voted in this bill.

Mr. Chairman, I point out again that the language which is here proposed will not require the renegotiation of any treaty; it will not require these nations to agree to anything by way of treaty or agreement. It simply requires them to continue the policy which most of them have adopted in the past that when an American boy stationed in that nation is charged with a criminal offense under the laws of that country, he will be turned over to the military forces of the United States of America to receive such punishment as under our American system he may be entitled to receive.

I sincerely hope that the members of this committee will see fit to adopt the language of my amendment. It is about

all that we as Members of this Congress can give to the servicemen we are sending overseas and to the families of those servicemen who remain at home. Again, may I say that I hope the committee will adopt my amendment. To do otherwise would not be to keep faith with the millions of American boys now wearing and those who will wear the military uniforms of this great Nation.

Mr. DORN of New York. Mr. Chairman, will the gentleman yield?

Mr. BUDGE. I yield to the gentleman from New York.

Mr. DORN of New York. I want to join in the gentleman's remarks and endorse them. The gentleman certainly has done, I think, a great service in bringing this out today.

Mr. BUDGE. I very much appreciate the gentleman's statement.

Mr. RICHARDS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I find myself, joining with practically every other Member of this House, I am sure, in agreement as to the desire to protect American boys from unjust foreign laws when they have to go abroad either in our own forces or as instructors in connection with the forces of other countries. If this amendment is adopted, it will fly right in the face of the status of forces treaty ratified by the Senate in 1953. It is just as simple as that. Now, if American boys are being unjustly treated in foreign courts, the matter should be looked into—there is no question about that—treaty or no treaty.

Now, I thought when the Bow amendment, which deals with the same subject, was being proposed to the Reserve Act, that it was out of place in that act. I promised our colleague, the gentleman from Ohio [Mr. Bow], and also assured the chairman of the Armed Services Committee that as soon as the mutual security legislation was out of the way, I would schedule a hearing on the Bow amendment to find out the truth about this situation. We want to get to the bottom of it; to see whether our boys were being discriminated against under this act. If you put it in this act, you are practically going to stop the foreign-aid program. You are not only going to do that, but you are going to stop some of our own defense operations in certain foreign countries where we have airfields for our own strategic air force. Nearly everyone agrees that these operations are essential to the defense of the United States.

Mr. BROOKS of Louisiana. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield to the gentleman from Louisiana.

Mr. BROOKS of Louisiana. That amendment had no place in the reserve bill which came up the other day. It is a matter that should be worked out at once by the gentleman's committee. Whatever discrimination there is ought to stop, because we are sending some of these men over there against their own will. We should take needed action at once. This had no place in the Reserve bill or the defense bill and would tie down the use of the military in any great emergency should we have occasion to

send men to different parts of the world. The treaty approved by the Senate should never have contained this provision. We should work this out and protect our American boys.

Mr. RICHARDS. I am glad the gentleman agrees with me. If it has no place in our Reserve bill, it has no place in this bill. The issue should be raised on its own merits and with an eye toward protecting the boys serving overseas. I promise to hold a hearing on that, but I do not know what the committee will do beyond that. I assure you it will not be a whitewash hearing.

Mr. BUDGE. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield to the gentleman from Idaho.

Mr. BUDGE. I am sure the distinguished chairman of the Committee on Foreign Affairs wants to present this thing in its true light. I call the attention to the distinguished chairman to the fact that this amendment does not have the same effect as the Bow amendment. It says only that they shall receive the aid only so long as they, in fact, waive jurisdiction over our boys. That does not require any amendment by any nation. It is an accomplished fact. If they continue to turn them over to the courts-martial, they continue to receive the aid. That is all it does.

Mr. RICHARDS. It calls for us taking a different position than we did under the treaty. The issue is the same. We do not want to tack a provision on any bill of this nature when we have not taken testimony on the issues involved. We have not heard testimony from our own people, including soldiers who might have been involved in some trouble overseas. We should meet the issue squarely. I hope the amendment will be voted down.

Mr. VORYS. Mr. Chairman, I rise in opposition to the amendment.

There is going to be a meeting at the summit on July 18. One of the things I hope our leaders will point out is the continued violation by the Soviets of the 52 solemn treaty agreements that they have made.

This amendment provides that unless the nations involved in our mutual-security arrangements agree to waive their solemn treaty rights, the program stops.

Molotov in his speech in San Francisco made it perfectly clear that one of the primary purposes of Soviet diplomacy is the withdrawal of American troops from foreign bases.

These countries that are involved by this amendment—there are 11 NATO countries that have treaties and there are 6 agreements other than treaties in other areas—they are not going to waive in toto their right to any criminal jurisdiction whatsoever over American forces, when they are on leave and when they are out among their civilians, and so forth. So that the result of this amendment would be to stop the aid, or at best a threat to stop the aid through a unilateral requirement of a change in a solemn treaty obligation. The result might be as Molotov desires, to require withdrawal of our troops from countries



because they cannot have the consideration that this amendment would require them to have.

This is a difficult question. Of course we want our American boys to have a fair trial. The status-of-forces treaties were designed to require that. There are many cases which the status-of-forces treaties do not cover. The jurisdiction which foreign countries will have over Americans is limited to offenses committed off duty and not against other Americans in the Armed Forces or civilian components. American jurisdiction is retained for offenses against the property and security of the United States and against the person or property of another member or dependent of the United States Armed Forces or civilian components.

But under these treaties the American on trial in a foreign country will have all the rights to which a citizen of the country in question is entitled. Specifically, according to the treaties, he must be accorded such rights as a prompt and speedy trial; to be confronted with the charges and witnesses against him; to subpoena witnesses in his own behalf; and to be represented by counsel, to have an interpreter, and to communicate with his government.

The chairman of the Committee on Foreign Affairs has agreed that the Bow resolution which is directed to this matter shall have prompt study by our committee. Obviously there could not have been such a study in the past few weeks when we have been wrestling with this bill. I had understood that it was agreed by proponents of this amendment that that sort of study is the right way to approach this knotty matter, the proper way to consider whether Congress, by a law, abrogate a treaty; as to whether and how we should attempt to express our views as to what should be done by the House to provide security for the individual Americans in the Armed Forces, along with security for our country. I am perfectly confident that the wrong way to consider this knotty question is to put into effect at a time like this a requirement of a waiver of solemn rights when we are at the very summit going to have as one of our bases of criticism the refusal of the Soviets to recognize and honor their treaty rights.

I hope the amendment will be defeated.

Mr. DODD. Mr. Chairman, I move to strike out the last word.

(Mr. DODD asked and was given permission to revise and extend his remarks.)

Mr. DODD. Mr. Chairman, when the Bow amendment to the military reserve bill, which is essentially the same as this amendment, was before this House, I spoke in favor of the Bow amendment. I have not changed my mind in any respect about the need for correction and change in these treaties. I have some grave doubt, however, that this is the place to do it. I do not believe we can best attain our objectives by writing this amendment to this bill at this time.

We were told when the matter was raised as we were considering the military reserve bill that it did not belong

there. I do not know where else it would better belong than in a military reserve bill. I expect that if an effort is made to put it into other related legislation we will always be told it does not belong there. These are superficial objections. But it obviously belongs somewhere and to end such kind of objections, I think the chairman of our committee has adopted the right course of conduct. He has told the people who are interested in this corrective legislation that our Committee on Foreign Affairs will hear this matter and look carefully into it. I am satisfied that is the right way to proceed, and I hope the House will not approve this amendment today, but rather let the matter come before our committee in the form of the resolution offered by the gentleman from Ohio [Mr. Bow]. Then we can have hearings and we can get to the bottom of the matter. I assure the gentleman I shall do everything I can to see that we do get a thorough and complete hearing and that we get an opportunity to do something about this outrageous situation.

This started back in 1951 when we negotiated the first of these treaties, and it has grown apace ever since. There is no sense in it at all. There is no sense in a great Nation like ours, acting in this fashion. Our people are entitled to the protections of the Constitution of the United States when they are abroad helping to defend us and our friends. When we ask them to go out of this country not of their own choice but at the command of the Government, I see no reason in the world for not making doubly sure that their constitutional rights are protected. That is essentially all this amendment does and all it wants to do. That is what the Bow resolution wants to do, and I think we can get somewhere with it in the Committee on Foreign Affairs at a later date.

Mr. CHRISTOPHER. Mr. Chairman, will the gentleman yield?

Mr. DODD. I yield to the gentleman from Missouri.

Mr. CHRISTOPHER. If this does come before the committee separately, just what kind of penalty would you hang on it to make foreign nations respect it? If we do not limit the foreign-aid bill by making them keep our boys out of the criminal courts, if we do not tack this provision onto the Military Reserve bill, what sort of penalty will there be? A law is not worth anything unless there is a penalty for its violation. What do we propose to do about it?

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. DODD. Let me answer the question of the gentleman from Missouri and then I will yield to the gentleman from Ohio.

Mr. CHRISTOPHER. I am asking for information, I am not heckling.

Mr. DODD. I understand that and I am glad to answer the question.

I do not consider this to be legislation that requires a penal provision. What we are trying to do here is bring to the attention of the Executive Department of the Government, and of the other body, the fact that there have been treaties negotiated and signed on the

part of this Government with other governments which we feel should never have been negotiated and which never should have been signed and which the executive department should promptly take steps to correct. I think that is all we can hope to do, because constitutionally the responsibility for treaty making does not rest with us, it rests with the executive, with the approval of the other body.

Now I yield to the gentleman from Ohio.

Mr. VORYS. While it is true that we have only the Bow resolution before our Committee on Foreign Affairs, if our committee sponsors the resolution and then determines after thorough examination that an amendment to the law is the way to reach this, a bill could be introduced. Is not that correct?

Mr. DODD. Yes.

Mr. VORYS. Our hands are not tied merely because we make a study of such a resolution.

Mr. DODD. I quite agree. That is why I think the better way to do it is for the Bow resolution to come before the committee.

Mr. VORYS. I thoroughly agree with the gentleman.

Mr. HALLECK. Mr. Chairman, I move to strike out the last word and rise in opposition to the amendment.

Mr. Chairman, I think that probably the turn of events which we are witnessing here will result in a situation which will be on the plus side. Since these status-of-forces treaties have been negotiated and ratified by the other body, there have been many things said and written in this country with respect to those treaties and the treatment accorded to American civilians and servicemen abroad by reason of the treaties. I recall very well the very eloquent speech by the gentleman from Connecticut in favor of the Bow amendment when we had the Reserve bill before us previously. As he has indicated, and I think it is entirely proper, the House Committee on Foreign Affairs should make a study of these treaties and find out just what substance and importance there may be to some of these charges that have been made. Here is the situation which immediately confronts us with respect to this amendment.

Mr. BUDGE. Mr. Chairman, will the gentleman yield?

Mr. HALLECK. I yield.

Mr. BUDGE. Suppose that the House Committee on Foreign Affairs studies this, would the gentleman from Indiana take the position that the House can pass legislation which would change those treaties?

Mr. HALLECK. The gentleman has asked me the question and I shall undertake to answer it. I do not think, although I have not gone into it carefully, that legislation by the House of Representatives could change the situation. But this is what I would like to point out. I think every one of us ought to understand that, whether you like the status of forces treaties or not, and whether you think they are good or bad, they are solemn obligations negotiated



by the executive branch of our Government and ratified by the other body by a vote of 72 to 15. These treaties run until 1958, if I remember correctly, when they will be subject to reconsideration. Certainly, if they are solemn obligations of the Government of the United States, then this is no way, as I see it, to undertake to nullify them. If I understood the gentleman from Idaho correctly, and he knows he has no better friend in the House of Representatives than he has in me, because I hold him in high esteem and respect, if I understood the gentleman correctly he contends that since this only requires a waiver of provisions of the treaty that it does not impose any new obligations. As I read this amendment, it would require not the individual waiver which he says has been accomplished in all but 178 cases out of 7,416, but it would require a blanket waiver of the treaty obligations. To my mind, that could only mean that if a nation where we have troops stationed, as has been pointed out, and where we may have Air Forces stationed in positions of extreme importance to the defense of our country, if such a nation refuses to grant that blanket waiver, then, as I see it, there will be no alternative for us but to pull our forces out of that area.

That could seriously, vitally, and adversely affect the defense of our country. Three-quarters of the money provided in this bill which we are presently considering is for direct military assistance, direct military operation, or defense support bearing on the security of this country. So, we approach the matter, as I see it, on the basis of the defense of our country.

If one is against the whole program, or if he is against the whole Reserve bill, then I suppose that on occasion he might be led to say: "Well, if the adoption of this amendment kills the program, as far as I am concerned it is all right." Perhaps that would be the legitimate way to do it. I would not quarrel with anyone who took that position; but, on the other hand, if you believe that this program is essential to the defense of our country, and I happen to believe that these off-shore operations in this day of airplanes flying 700 and 800 miles an hour, is vital to our defense—if you believe that, as I do, then I say that we ought not destroy the program. I yield to no one in my solicitude for the men in our Armed Forces or our civilians, wherever they may be.

The CHAIRMAN. The time of the gentleman from Indiana has expired.

(By unanimous consent (at the request of Mr. RICHARDS) Mr. HALLECK was granted 1 additional minute.)

Mr. RICHARDS. Mr. Chairman, will the gentleman yield?

Mr. HALLECK. I yield.

Mr. RICHARDS. Aside from the point that many of us consider this program to be essential to the security of the United States, is it not a fact that at the coming Big Four Conference there very probably will be discussed the repudiation of agreements and treaties that have been solemnly signed by cer-

tain groups of nations in the world? What kind of position would we be in if we said by legislation of this kind, in effect violate the spirit of the law of our land. The Supreme Court has held that treaties are the law of the land.

Mr. HALLECK. I think it would seriously jeopardize the strength of our position. I agree with the gentleman that through recent years one of our major complaints has been the people with whom we have made treaties have failed to keep those treaty obligations.

I wish to commend the chairman of the committee for saying that he will hold these hearings. I think it will be good for the country. It will develop a better understanding. Let us get some of these cases before us and find out whether our boys have been unjustly punished, whether their rights have been violated, and then we will have the true story.

The CHAIRMAN. The time of the gentleman from Indiana [Mr. HALLECK] has again expired.

Mr. BAILEY. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I rise in support of the amendment offered by the gentleman from Idaho [Mr. BUDGE]. One of the 58 cases outlined by the gentleman, of where American troops are serving prison terms, is the case of Pvt. James S. Scarf, of Mount Clare, W. Va. In this instance he is serving 5 years at hard labor in Japan on a charge of unarmed robbery, a much more severe penalty than he could possibly receive if he were tried in the civil courts of his own State of West Virginia.

The distinguished gentleman from Connecticut [Mr. DODD], in discussing this matter, charges the State Department with responsibility for negotiating certain treaties that contain this provision, and suggests there is little the House can do about it.

The distinguished gentleman from Indiana, the minority whip, says the House is powerless to do anything about it in the way of legislation. That leaves us only one alternative, Mr. Chairman, and that is that we do something about it today.

They suggest that the authority of the executive department is supreme in the question of treaties and that authority rests with the United States Senate to approve those treaties—I speak of the Senate, I should refer to it as "the other body."

Let me remind you that the House of Representatives is a part of the Congress and controls the purse strings. If we desire to attach a proposal to this authorization for an appropriation I think it is perfectly within the right of the House to do so and I think they should do so. For that reason I propose to support the amendment.

Mr. DIES. Mr. Chairman, will the gentleman yield?

Mr. BAILEY. I yield.

Mr. DIES. Does the gentleman believe that the donor has the right to attach any condition he sees fit to the donation?

Mr. BAILEY. That is right.

Mr. DIES. If the foreign countries do not want this money we are so anxious

to let them have, they can reject it; there is no hardship, so there is no violation of treaty; is there?

Mr. BAILEY. The only thing they would have to do is to quit trying our boys in their civil courts.

Mr. DORN of South Carolina. Mr. Chairman, will the gentleman yield?

Mr. BAILEY. I yield to the gentleman from South Carolina.

Mr. DORN of South Carolina. I am just wondering if any of these gentlemen over in the other body who approved this agreement ever visited a Japanese jail or jails in Western Europe where the gentleman's constituent is serving, and inspected conditions there before they put their names to this kind of agreement.

Mr. BAILEY. I doubt very seriously that they did.

Mr. BUDGE. Mr. Chairman, will the gentleman yield?

Mr. BAILEY. I yield to the author of the amendment.

Mr. BUDGE. There has been considerable comment here by the chairman of the committee and the gentleman from Indiana. I have the highest regard for both the gentlemen. They argue that the adoption of this amendment would in some way abrogate these treaties. It would do no such thing. The amendment provides simply that if in fact these countries live up to the proviso written here then they shall continue to receive the foreign aid; if they do not, then, of course, it would be cut off; but it does not require an agreement, does not require the abrogation of any agreement; it simply requires that an additional condition be placed upon the country in order that it receive this aid, that they not try our boys in their courts.

Mr. BAILEY. And that condition is that they desist from their present practice of trying American military personnel in the civil courts of their country if they want to participate in this aid program.

Mr. BUDGE. That is exactly true; and most of the countries have not seen fit to try our boys in their courts; it is only a minority of the countries that have done so.

Mr. HALEY. Mr. Chairman, will the gentleman yield?

Mr. BAILEY. I yield.

Mr. HALEY. Inasmuch as this aid is going to India and other countries in that area of the world, what if one of our boys should kick one of the sacred cows of India; do you suppose the courts there would be as lenient, for instance, as the courts of our country?

Mr. BAILEY. They probably would shoot him at sunrise or burn him at the stake.

Mr. RICHARDS. Mr. Chairman, I want to see if we can reach an agreement as to time. A great number of Members will have to go to lunch around 1 o'clock or something like that. I ask unanimous consent that all debate on this amendment and all amendments thereto close in 15 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from South Carolina?



Mr. GROSS. Mr. Chairman, I object and offer a preferential motion.

Mr. RICHARDS. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 25 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from South Carolina?

Mr. GROSS. Mr. Chairman, I object and offer a preferential motion.

The CHAIRMAN. Objection is heard. The Clerk will report the motion.

The Clerk read as follows:

Mr. Gross moves that the Committee do now rise and report the bill back to the House with the recommendation that the enacting clause be stricken out.

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Chairman, we are getting another treatment here today from people who say that in principle they are for something but want some committee to give it a little more study. Let us be in principle for something they say, but let us deal in words and not in deeds. The anticolonial amendment came up for consideration yesterday and everybody was for it in principle, including the members of the Committee on Foreign Affairs, but it was a different story when the vote was taken.

The gentleman from Indiana came down in the well of the House a few minutes ago and supported the committee in opposition to the amendment offered by the gentleman from Idaho. I well recall a day about a year ago when the same gentleman from Indiana came down to the same well of this House and supported a bill to provide, believe it or not, that American servicemen or civilians, once returned to this country after having perhaps committed a misdemeanor in some foreign country, could be returned to that country for trial and imprisonment. The House defeated that bill overwhelmingly.

Mr. Chairman, I want to compliment the distinguished gentleman from Idaho on the amendment which he has offered and which I wholeheartedly support.

It is unthinkable that the NATO Status of Forces Treaty, with its criminal jurisdiction provision, and similar agreements, were entered into in the first place, and as long as they remain in force the Constitution of this Republic has been rendered meaningless as far as many of our servicemen are concerned.

It is interesting to note the discussion in the other body 2 years ago—on July 14, 1953—when that body was in the process of ratifying the NATO Status of Forces Agreement. Assurances were given that this was not setting a precedent. We were to have such an agreement only with the other NATO countries, no one else.

On page 8730 of the CONGRESSIONAL RECORD for July 14, 1953, appears the following statement by the chairman of the Foreign Relations Committee of the other body:

As an additional step, the committee is recommending that the Senate attach to the resolution of ratification a statement

that, first, the criminal jurisdiction provisions do not constitute a precedent for future agreements.

And on pages 8738 and 8739, the acting majority leader of the other body said:

The Committee on Foreign Relations made it very clear during the course of the hearings, it seems to me, that so far as we were concerned it is not to be considered as a precedent for future agreements.

Well, what are the facts? Did the NATO Status of Forces Treaty set a precedent? I am confident that many Senators voted for ratification of the treaty at that time only because of the assurances that it would not set a precedent. But, Mr. Chairman, the NATO Status of Forces Treaty did set a precedent.

Since that time, and through agreements which have not required ratification by the other body, we have entered into similar pacts with at least four other countries.

I say at least four other countries, because for reasons best known only to the State Department, information on what the diplomats in the Department call "arrangements" with several other countries is not available to Members of Congress or the American people.

Replying to my inquiry concerning agreements which allow American servicemen to be tried in foreign civil courts, a State Department official told me, among other things:

The United States has concluded a few other arrangements, but which, in the national interest, are classified.

In other words, we are told that it is not in the national interest for Members of this Congress or the American people to know the exact number of countries in which our servicemen can be hauled before a foreign judge and tossed in a foreign prison.

Getting back to the four other countries which I know of, besides the NATO countries, our servicemen are subject to trial in the civil courts of Japan, Saudi Arabia, Libya, and Iceland.

There is another interesting aspect to the debate in the other body on July 14, 1953. On page 8779 of the CONGRESSIONAL RECORD for that date there appears the text of a letter which the acting majority leader inserted. I quote the second paragraph of the letter:

I can certainly appreciate the concern of those who fear that these agreements might subject American soldiers overseas to systems of criminal justice foreign to our own traditions. I do not share such fears, however, because of the many years' experience I have had in command of American troops overseas. That experience convinces me that our friends abroad will continue to cooperate, as they have in the past, in turning over those charged with offenses against their laws to our own military courts for trial.

According to the CONGRESSIONAL RECORD, that letter was signed: "Sincerely, Dwight D. Eisenhower."

Have our so-called allies cooperated with us? Have they turned over all of our servicemen to our own military courts for trial?

The Department of Defense has reported that as of February 10, 1955, there were 58 American servicemen in the

prisons of 5 foreign countries, serving sentences ranging up to 15 years.

Mr. Chairman, I am convinced that the sentiment of the American people is strongly opposed to these agreements, and rightly so.

The criminal jurisdiction provisions of the Status of Forces Treaty and similar agreements are unprecedented in the annals of international law; they are contrary to the doctrines of our constitutional law. All such agreements should be renounced, and jurisdiction returned to our own military authorities in cases where American servicemen commit offenses in foreign countries.

Certainly we owe at least this much to the young men of America who will be called upon, if necessary, to fight and die to defend the Constitution of this Republic.

Mr. Chairman, I urge all Members to support the amendment offered by the gentleman from Idaho.

(Mr. LONG asked and was given permission to revise and extend his remarks.)

Mr. LONG. Mr. Chairman, it's easy to become frightened here in the House listening to the buildup which is calculated to stampede one into accepting a proposal which otherwise would be out of the question. Every time a bill connected with the military comes up, we hear a lot of talk about the dire consequences to befall us if we do not go along with some idea to appease a foreign country, some idea to ingratiate ourselves. Well, I will tell you that I have never been afraid when it comes to a measure designed to protect and care for our boys here at home or abroad. I cannot help but wonder about this business of a fair trial. It seems to me that history is full of persecution which played a strong part in the establishment and growth of our own wonderful America. It played a strong part in establishing the freedoms which are so cherished by all Americans. Our sons have been brought up to understand and respect the rights of man and to know their own personal rights and liberties are secure. I say it's a breach of faith to turn our sons loose upon the mercy of courts which have a history of intolerance and persecution; a history of precedents quite different from ours here in America—of concepts of jurisprudence far removed from what we know and understand here in America. After all, our soldiers are United States citizens and as such entitled to the rights and privileges of our citizens. I say we are violating their birthright to turn them over to the courts of foreign lands to mete out their brand of justice which, in many instances, is strange and harsh far beyond what we can understand. We talk about our soldiers having a fair trial for infractions of the law. Oh yes! In some of these countries they do not understand the meaning of the word fair. How many will be faced with their accusers? How many will have a jury trial of 12 of their peers? Will they be presumed to be innocent until found guilty, or the opposite? These nations have their hands out for our money and they do not hesitate to grab all they can get.



As far as I am concerned, those countries will have to come to us insofar as the treatment of our soldiers is concerned and let them understand that our soldiers shall have their full rights as guaranteed to each of our citizens by the Constitution.

Any soldier would prefer to stay in America, to stay at home with his wife and loved ones, but they do answer their country's call and give so much to the protection of our liberties and freedoms. The very least we can do is to protect their rights as citizens of the United States.

It is not uncommon to infringe upon some law or regulation. Few of us are not guilty of some infraction, even though it may be of an innocent and inconsequential nature. We may fail to give a proper turn signal in traffic or exceed a legal speed limit by a few miles or any of a multitude of laws, but so often we are not deliberate and antagonistic toward society in so doing, rather we are careless. Our brand of justice considers these things as they actually are, but how about foreign countries? I certainly will not vote to hand our boys over to a type of justice that is more often than not strange and harsh and illogical. Our servicemen are precious to every father and mother in America. It can be understood to send them abroad to better build our defenses. God forbid that the time will ever come when we cannot get an Army of real Americans to defend our country any place on earth. I am willing to go and so are you. Our boys in the service are measured and not found wanting; let us not be found wanting in seeing that they are fully protected and not deprived of their birthright—the freedoms upon which the greatness of our Nation is founded.

Listen to this: You say wait until some other time; any law you pass here will have no effect on a treaty made by the Senate and the President of the United States. So, why wait? A place like this to me is about the only place on earth that you can put an amendment in, that you can pass a law that will be effective, and you will get the job done. I beg of you—my friends, I beg of you to look at this realistically. Do not stand here today and then go home and look our boys in the face and say that we in the Congress of the United States refused to give them a fair trial in foreign countries. We took them there to defend the country, but we will not stand behind them. You can say for one man, I will never vote to do anything else but stand behind them.

The CHAIRMAN. The question is on the preferential motion offered by the gentleman from Iowa [Mr. Gross].

The motion was rejected.

Mr. BURDICK. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, if I had not heard so much law quoted here, I do not think I would have attempted to say anything. But I have often said in this House that I am a lawyer, and a good one; and from what I have heard here, I think I am better than I thought I was.

A treaty takes the same position as a law; no higher position, no lower position. Any treaty made by this country, approved by the Senate, can be abrogated by an act of Congress. You do not need any Bricker amendment to do away with the charter of the United Nations, because if you had Members of both Houses, sufficient in number, to pass a law to get rid of it, you could do it. The Supreme Court has decided that time after time.

In this case, all I want to know—I do not want an investigation—all I want to know, is do we have soldiers in foreign countries, and how were they sent there? I think it is safe to say that in the 40 countries where we have soldiers today, not a single soldier was sent there with his consent. I very much doubt whether under the Constitution you can send a man to a foreign country unless there is a declaration of war against that country. But if these men are sent there against their will—certainly not with their consent—do you not suppose those countries wanted them there? Are we filling these countries with soldiers just because we want to do it? Is there a demand on the part of those countries to have us there for their own assistance?

Now, having these men there, do you want them tried by the courts of those countries? I think the gentleman from Louisiana [Mr. Long] made a very fine statement on how they would be tried. They are not to be tried under our Constitution or any other constitution except the constitution, or the absence of one, in the country where they would be tried. And if one of our boys accidentally killed a cow in India for something to eat, he would receive the death sentence.

It seems to me that Congress can say at least whether they approve that kind of program or not.

Mr. Chairman, you have the right to change that kind of a treaty right here today, if you want to.

Mr. WILLIAMS of Mississippi. Mr. Chairman, will the gentleman yield?

Mr. BURDICK. I yield to the gentleman from Mississippi.

Mr. WILLIAMS of Mississippi. As I understand it, this amendment would not violate any treaty agreements in view of the fact that it would be merely a condition precedent to these countries receiving handouts from the United States, is that not right?

Mr. BURDICK. That is right. But my position is, if they want to change the treaty, I am willing to change it here this afternoon, because the Congress of the United States can change any treaty. People have asked me, "Why do they not get rid of the Charter of the United Nations?" I get several letters every week asking that question. I have said that there is only one reason and it is a simple one; because there are not enough Members in the House and the Senate who see it the way I see it.

I am in the minority. I appreciate that because I have been in the minority all my life. And I expect in the hereafter I may find the same situation. And there are a lot of people I see here

now that I do not expect to see in the hereafter.

You are going to interfere with your top-level meeting in a few days with Russia and some other countries. Have you not played around long enough with Russia to know that their word is not as good as a page out of a Sears Roebuck catalog? I would not believe them if I had a six-shooter right on the pupil of their right eye. You are not going to get anywhere with that kind of people. Suppose they said, "Yes." Suppose they agreed. What good would that do? There is only one thing they understand, and some day they will understand it from us. We have tickled them under the chin and we have followed them home and we have bought them lunches until the think we are just the way we act, and we act just the way we are. But that sentiment is going to be changed some day. We are going to tell the Russians where we stand, and then we are going to stand there.

Why, Lenin, Trotsky, Stalin, they all said it is ridiculous to feel that communism can live alongside of capitalism. They say it will be all one thing or all the other. Now they are talking peaceful coexistence. It is another scheme like they had for peace, talking peace with a shillelagh in one pocket and a gun in the other. I do not believe in temporizing with that kind of people.

You might say, "Well, you might be fomenting war, because they would not take you, you could not fight." Well, the hell I could not, but when I fight I am going to fight for this country and the Constitution.

Mr. BOW. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I appreciate what the chairman of the Committee on Foreign Affairs has said in the promise that the Bow resolution, House Joint Resolution 309, will have hearings, and I believe when those hearings are had we will be able to submit testimony and facts that will astound this country. Nevertheless, I still feel that this amendment, offered by the gentleman from Idaho [Mr. Budge] which is somewhat similar to the amendment offered to the Reserve bill, is a better amendment than the one that was in the Reserve bill, because what he does by his amendment does not call for a change in the status-of-forces treaty, he simply asks that these countries that receive this aid will waive the criminal jurisdiction over our armed forces abroad, something that has been going on for a long time and is going on today, but it will prevent those cases where constitutional rights will be taken from the American armed forces.

It has been suggested here that we have bases in the world to protect this Nation. That is true. But do you suppose any of those nations would set up those bases on their soil if they did not believe that the bases' being there is to protect them as well as the United States? None of them would let us have bases there solely for our own protection. They are there for the protection of those countries.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?



Mr. BOW. I yield to the gentleman from Indiana.

Mr. HALLECK. Will the gentleman agree with me that in recent years we have had extreme difficulty in convincing some of these countries that they ought to let us establish those bases?

Mr. BOW. There may be some such cases, but if there are, then when we have spent billions and billions of dollars under these programs we have poured down the drain, because if they are not willing after the billions we have spent to permit us to set up bases to defend them as well as ourselves, then we have made a mistake in the past. I see no reason why we should continue that mistake and permit our men to serve without the protection of the Constitution.

Mr. RICHARDS. Mr. Chairman, will the gentleman yield?

Mr. BOW. I yield to the gentleman from South Carolina.

Mr. RICHARDS. I just want to straighten this out with the distinguished gentleman so that the House will understand. Was I correct in saying that the gentleman agreed not to offer his amendment to the Reserve bill if I would assure him that hearings would be given on his resolution, and that the gentleman felt the matter should be considered on its merits and separate from these two bills?

Mr. BOW. I said to the gentleman I felt it would be proper for the Committee on Foreign Affairs to conduct the hearings and that that would take away any answer the argument against the amendment on the Reserve bill. That is correct.

Mr. Chairman, I would just like to cite one case, and I have many of them. This is the case of a man by the name of Jose Montijo, who is now in jail in France. The record shows that he was in a fight which came about, perhaps, as a matter of self-defense on his part. That man today is charged with murder in France. The Communist press throughout France is today demanding that that boy be guillotined. Imagine an American soldier wearing the uniform of this country under the pressure that he might be guillotined. If you will read the records of the courts and the trials in France, if you will read Time magazine, just a short time ago about French justice, then see whether you would want to send any of the men from your district or any district in this country to a court in France to be tried with a French Communist press demanding throughout that area that the man be guillotined. That is cruel and inhuman punishment. Our Constitution says that we shall not have it. Do you argue that that man is receiving the rights and privileges of our Constitution when throughout that country a certain segment of the press—the Communist press—is demanding that kind of punishment? I say to my colleagues, it is time we took a firm stand, a stand in which we defend the Constitution and defend those of our armed services who are assigned abroad against their wills.

Mr. RICHARDS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, since the gentleman used as an illustration the case of a crime which was committed in France, I just would like to call the attention of the House to a few figures. Of course, this does not deal with the immediate question at issue confronting us. The real question is whether or not an amendment of this kind should go onto this particular bill, not the merits of the Status of Forces Treaty. Still I want to pass on this information to the House. The record from the executive department shows that in such capital offenses as murder, manslaughter, and rape there have been 90 American soldiers involved, and there were no verdicts of capital punishment or any cutting off of hands. There has been no sentence of death or no sentence of life imprisonment. In 46 of the 90 cases, sentence was suspended and the maximum sentence imposed in the other 44 was 3 years and 1 month. That is the history of that situation. The average sentence was approximately 3 months.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I cannot yield just now.

Mr. GROSS. Mr. Chairman, I make a point of order. Is the gentleman from South Carolina speaking twice on this? The gentleman has offered an amendment to the amendment.

Mr. RICHARDS. I will yield to the gentleman in just a moment. I have a few more minutes of time, and I would like to get an agreement on time.

Mr. Chairman, I ask unanimous consent that all debate on this amendment, and all amendments thereto, close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from South Carolina?

Mr. GROSS. Mr. Chairman, reserving the right to object, do I understand that the gentleman from South Carolina has offered an amendment to this amendment; and, if so, has it been read?

The CHAIRMAN. The gentleman from South Carolina offered an amendment to the amendment by moving to strike out the last word, which is a very common practice in the House.

Mr. GROSS. I thought the gentleman had moved to strike out the last word on a previous occasion.

The CHAIRMAN. No, the gentleman from South Carolina rose in opposition to the pending amendment and now has the floor on a pro forma amendment, which is entirely in order.

Mr. GROSS. Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield.

Mr. GROSS. The gentleman does not deny that these extreme penalties could occur; does he?

Mr. RICHARDS. Yes, technically they could occur.

Mr. GROSS. In other words, the gentleman is saying that they could occur.

Mr. RICHARDS. But in the light of what has happened, I believe they will not occur. If they did, I am sure we would do something about it.

Mr. GROSS. Of course, that is again an assumption on the part of the gentleman.

Mr. BUDGE. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield to the gentleman from Idaho.

Mr. BUDGE. Of course I do not know where the gentleman obtained his figures, but the Department of Defense information which I have is to the effect that as of February 1955, there were 58 American servicemen in prison in foreign countries, as a result of sentences, and that those sentences went up as high as 15 years. I think that is the record of the Department of Defense.

Mr. RICHARDS. There is one statement I made that I would like to correct. The figures I had were up to December 1, 1954. There may have been some since then, but I still stand by my statement, and this information comes from the State Department, that the average sentence imposed for capital offenses was 3 years.

The CHAIRMAN. The Chair recognizes the gentleman from Wyoming [Mr. THOMSON].

Mr. THOMSON of Wyoming. Mr. Chairman, I do not expect to take the full 5 minutes. I know we are anxious to vote on this. But a remark was made that I cannot leave unattended. That remark was that we had better think of us. I feel an obligation to call this to the attention of this House, that it is about time we think of them a little bit too.

The division of which I was a member on V-E Day in 1945 moved from the Alps down into Trieste. We were sent down there so that if anybody got killed it would be an American. We were sent in there and we did not get the proper protection of this Congress or any part of the Government. We were told that we could not carry a gun, while they were shooting at us every day after V-E Day.

After that I went to Verona. You were not safe on the streets at night for fear of getting mugged or shot at. I know it, because I was there. From correspondence that I have had since and from other parts of the world that situation has been mitigated, but it still exists.

I am not going to vote to send any American boy over there against his will to be tried by anybody except an American court. Furthermore, I think he is entitled to some of the rights that he fought to preserve for America.

I hope we will think of them instead of thinking of us.

Mr. McDONOUGH. Mr. Chairman, will the gentleman yield?

Mr. THOMSON of Wyoming. I yield to the gentleman from California.

Mr. McDONOUGH. Will the gentleman not agree that Armed Forces sent to foreign countries would have greater inspiration and better morale if this were



the law of this country than without this kind of law?

Mr. THOMSON of Wyoming. Do you mean if this amendment is agreed to?

Mr. McDONOUGH. Yes.

Mr. THOMSON of Wyoming. I certainly do. I think a man would be justified in refusing to go unless he has the protection of what he has fought for.

Mr. DORN of South Carolina. Mr. Chairman, will the gentleman yield?

Mr. THOMSON of Wyoming. I yield.

Mr. DORN of South Carolina. Does not the gentleman agree with me that this ought to be in the Reserve bill, the foreign-aid bill, in every other bill that we pass, so that the world will know how America stands?

Mr. THOMSON of Wyoming. I certainly am sympathetic to the idea, and I voted for this on the Reserve bill. I think the Reserve bill is necessary to the defense of our country. I do not think we can get at it as a practical matter, however, in that way. But here is the way we can do it. We are not abrogating any treaty. We simply say: "If you want to participate in this money that is being handed out, recognize the constitutional rights of an American citizen."

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. THOMSON of Wyoming. I yield to the gentleman from Iowa.

Mr. GROSS. I have obtained some information on trials in Japan. I cannot divulge the source of the information for obvious reasons. Here are a few brief points:

First. Prolonged trials.

Second. Presentation of indictment to accused on the first day of trial in some cases, and not before.

Third. Court-appointed lawyer unable to speak English and converse with the accused, and additionally, the seating of the accused's counsel unduly far away from the accused in the courtroom.

Fourth. Japanese judge asleep in court—during trial.

Fifth. Accused was, before trial began, not confronted by witnesses against him.

These things and more are sworn to in the reports by the American representative at all of these trials, who, in stating these things, admits that he did nothing to correct these wrongs he saw happening.

Mr. THOMSON of Wyoming. I thank the gentleman. May I say in answer that we considered ourselves to be lucky to be serving in Europe rather than in the Asiatic theater.

Mr. BUDGE. Mr. Chairman, will the gentleman yield?

Mr. THOMSON of Wyoming. I yield.

Mr. BUDGE. I simply want to reiterate to the membership that this amendment does not abrogate any treaty of the United States, nor does it require these nations to enter into any new agreement with the United States; it simply means that so long as they do not put our boys on trial in their courts for criminal offenses under their law that they will continue to receive foreign aid, and that at such time as they do start the practice of putting our boys on trial in their courts and putting them in their

jails which, incidentally, are nothing like the prisons in the United States, then they shall receive no further aid. That certainly is not an abrogation of any agreement with the United States, and it calls for no affirmative action on the part of the signatory powers except that they not initiate the trial of our servicemen in their courts and their confinement in their prisons.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. THOMPSON of Wyoming. I yield to the gentleman from Indiana.

Mr. HALLECK. I dislike very much to continue my discussion of the interpretation of the language of the amendment. However, if the treaty is deemed desirable by any nation where our troops are stationed, then under this amendment they would have to forego the end result of the treaty so far as they are concerned, in order that the cooperation or mutual assistance involved in this bill could be carried out. Therefore, it would seem to me that it might work for the destruction of the program.

Mr. THOMPSON of Wyoming. It seems to me that would not be entirely undesirable.

The CHAIRMAN. The gentleman from Arkansas [Mr. HAYS] is recognized for 5 minutes to close the debate on the pending amendment.

Mr. HAYS of Arkansas. Mr. Chairman, I voted for the Bow amendment when it was presented in debate on the military reserves bill. I refer to that only to indicate that I am not indifferent to the arguments that have been advanced regarding the protection of our fighting men abroad.

It is to the glory of America that we are determined to protect the rights of our men wherever they go. If we ever should allow ourselves to become insensitive to these interests something very precious would go out of American life.

But I think, studying the situation from a technical standpoint, having listened to the gentleman from Ohio [Mr. Bow] and to the gentleman from Connecticut [Mr. Dorn] in their comments on the amendment, that I speak the overwhelming majority of the Foreign Affairs in contending that the amendment would jeopardize our defense program.

The gentleman from Idaho [Mr. Budge] is not for the foreign-aid bill. The gentleman from Iowa [Mr. Gross] is not for the foreign-aid bill. I am. I am for it because I believe that the defense of our country requires it, so it is quite immaterial from their point of view to describe the serious effect on the foreign-aid program that may follow the adoption of the amendment.

Mr. BUDGE. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Arkansas. I will yield to the gentleman if he wants to correct my statement.

Mr. BUDGE. I would simply like to call the gentleman's attention that the basic act here—

Mr. HAYS of Arkansas. Have I misquoted the gentleman? Does the gentleman favor the foreign-aid bill? Does

he propose to vote for it even if his amendment is adopted? If I have misquoted the gentleman I yield for a correction.

Mr. BUDGE. I do not know that I am called upon to reveal how I shall vote, but I am happy to inform the gentleman that I shall vote against the bill. I believe, however, that more Members would be for the bill if this amendment were included.

Mr. HAYS of Arkansas. I was glad to yield for the gentleman's statement.

Mr. RICHARDS. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Arkansas. I yield to the gentleman from South Carolina.

Mr. RICHARDS. I may say to the distinguished gentleman who offered the amendment and also to the gentleman from Iowa who quoted certain facts in regard to cases in Japan, that that is the very information we want. I do not know where his information came from; he said he could not divulge its source. Be that as it may, that is one of the very things this committee is interested in; but it is a matter that should be fully reported to the Congress and acted on independently of this bill.

Mr. HAYS of Arkansas. Mr. Chairman, I thank the gentleman. I want to embrace the argument on the legal question that was advanced by the gentleman from North Dakota [Mr. Burdick]. While we do not agree on the amendment we do agree about the law. Of course, treaty law is the law of the land until changed by the Congress. Whether it should be changed or not is for the Congress to decide and various factors are to be considered. But there can be no question as to the propriety of the Foreign Affairs Committee following out the promise that our chairman made to the gentleman from Ohio [Mr. Bow] that these questions ought to be considered. And relief, if needed, conceivably would call for enforcement rather than changes in the treaty.

When the Senate approved the status of forces treaty, it wrote language in paragraph 9, article 7, which gave assurance by other nations, as well as assurances given by us, regarding the conduct of trials and the guaranty of due process of law so far as servicemen are concerned. Not only that but the Senate required the President to report to the Congress any irregularities. Under this Senate action we have had one report by the President indicating a fine of \$50 was wrongly assessed. The fine was returned to the man and an error conceded by the host country. We want to know more about it. I think the House has had all the assurances it can expect from our distinguished chairman when he stated that this matter will be considered.

The gentleman from Indiana [Mr. Halleck] offered the compelling argument when he said that troops conceivably would have to be withdrawn that are important for our defense. I do not know how Denmark, for example, feels about our troops in Greenland, but I know that under the proposed amendment if they refused a waiver we would have to withdraw the troops. These



troops would have to be withdrawn from one of the most strategic points in all the world.

For the reasons stated, in view of the grave implications and the serious results, I hope the committee will not approve the amendment offered by the gentleman from Idaho.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Idaho [Mr. BUDGE].

The question was taken, and the Chair being in doubt, the Committee divided and there were—ayes 83, noes 103.

Mr. BUDGE. Mr. Chairman, I demand tellers.

Tellers were ordered, and the chairman appointed as tellers Mr. BUDGE and Mr. RICHARDS.

The committee again divided; and the tellers reported that there were—ayes 111, noes 129.

So the amendment was rejected.

The Clerk read as follows:

SEC. 6. Title II of the Mutual Security Act of 1954, which relates to development assistance, is amended as follows:

(a) (1) In section 201 (a), which relates to authorization, strike out "South Asia" in paragraph 2 and insert "Asia"; before the period in paragraph 3 insert "and to assist in maintaining economic and political stability in the area"; and in the last sentence change the comma after the word "specify" to a period and strike out the balance of the sentence.

(2) Add to section 201 the following new subsection:

"(c) There is hereby authorized to be appropriated to the President for the fiscal year 1956 not to exceed \$73 million, \$71 million, and \$38 million to furnish assistance under paragraphs (1), (2), and (3), respectively of subsection (a) of this section."

(b) In section 202 which relates to administration, add at the end thereof the following new sentence: "The authority provided in section 307 may be exercised for purposes of furnishing assistance under section 201."

Mr. VORYS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. VORYS: On page 6, in line 17, strike the word "and" and all that follows down to and including the period in line 19, and insert the following: "and in lieu of the last sentence insert the following: 'Such assistance may be furnished on such terms and conditions as the President may specify and shall emphasize loans rather than grants wherever possible.'"

Mr. VORYS. Mr. Chairman, this amendment requires the Administrators of this program to emphasize loans rather than grants wherever possible in the furnishing of development assistance. I intend to offer a similarly worded amendment to the Asian development fund provision and to the general loan provision of this bill. I have taken these words "emphasizes loans rather than grants wherever possible" from the President's message of April 20, 1955, on the mutual security program.

For 7 years I have been trying to get more of this aid program into loans. I started in 1948 in the Marshall plan. I have tried every year for 7 years. Day before yesterday in general debate I gave a list of these efforts and their results. You will find them in the RECORD on page 8037. You will find that the Congress has required loans in these pro-

grams of \$1,788,047,000. You will also find that on these loans, which they call fuzzy loans, there has been repayment of over \$115 million.

You often hear people say, "If you provide government-to-government loans, it is the same as giving away the money because they will not pay it back." The record which you will find on page 8037 is otherwise. We have since the end of World War II made loans to foreign countries of about \$14 billion and we have received back in principal and interest \$4.5 billion.

In previous years I have tried by minimum percentages and by minimum amounts to require loans. This time I am going to try another way, for two reasons:

The President has said in his message that this program will emphasize loans rather than grants wherever possible. The Secretary of State has given me his assurance on this within the past 2 days. Harold Stassen, the Director who goes out today, has given me assurance that he will urge that sort of administration upon Johnny Hollister, the new Director, who comes from Cincinnati, Bob Taft's former law partner. I think that in his administration they will emphasize loans rather than grants. They say they can get more loans without a limitation because if you put in a minimum each foreign country will claim that it is a maximum for that country.

I tried 2 or 3 ways to devise an amendment so that we would say it should not be interpreted as a maximum, but they tell me that when they start to negotiate, the other country says, "You ought not to make us take more than our percentage of the limitation."

These officials, the President, the Secretary of State, and the Director of this program, have said they are going to emphasize loans rather than grants wherever possible. I am going to take them at their word and see what happens, see whether this way of doing it will achieve better results.

There is a second reason why I make my proposal in this way, after deep thought. Any minimum percentage or amount that can get through this House and through conference is smaller than the amount I think they ought to be lending. It will be smaller in total and it will be used not only by foreign countries but I fear that, as in the past, our own Administrators may be tempted to use the minimum as a maximum.

On this loan proposition I am urging the recommendations of the Randall Commission. I was a member. The Randall Commission was to deal with the question of trade, not aid. They made recommendations on both. Congress has accepted their recommendations on trade but not their recommendations on aid. You will find their recommendations set out on page 8036 of the RECORD and page 82 of the report. And referring to military-aid exceptions, this is what the Randall Commission said:

Where substantial economic aid is necessary in the interest of the United States but cannot be obtained from private or international sources, loans should be made, not grants.

This is what the Farm Bureau says, and you will find their excellent statement at page 638 of the hearings:

We earnestly urge that a provision be inserted in this bill which will assure that whenever possible this economic aid should be in the form of loans rather than grants.

I think this amendment carries out the recommendations of the Randall Commission and of the Farm Bureau. It puts in here what the President has said he is going to do and what the Secretary of State says he is going to do, and I think it will result next year in putting more of this aid into loans and less into grants.

Mr. SELDEN. Mr. Chairman, I offer a substitute amendment to the amendment offered by the gentleman from Ohio [Mr. VORYS].

The Clerk read as follows:

Amendment offered by Mr. SELDEN as a substitute to the amendment offered by Mr. VORYS: On page 6, lines 17 to 19, after "area" strike out through the end of sentence and insert a period and the following: "Such assistance shall be furnished, to the maximum extent appropriate, in the form of loans, and at least 50 percent of the funds appropriated pursuant to subsection (c) of this section shall be available only on terms of repayment in accordance with the terms of section 505, but this requirement shall not be interpreted as a maximum loan figure for any country or area."

(Mr. SELDEN asked and was given permission to proceed for 3 additional minutes.)

Mr. SELDEN. Mr. Chairman, I do not believe the substitute amendment that I have offered will damage our foreign-aid program, but I do believe it will strengthen this legislation.

The view that our economic aid program should emphasize loans instead of grants whenever possible has, I believe, much merit. This view has been expressed both by the Randall Commission and by the President. The Congress last year also expressed agreement with that view when it placed minimum loan requirements in the 1954 Mutual Security Act and, in the same bill, provided that development assistance should be terminated by June 30, 1955.

Yet, in the bill now before us, we find an item of \$182 million listed as development assistance. This assistance consists primarily of economic aid in the form of grants that will be made to nations, most of whom have no mutual-defense agreements with us.

The substitute amendment I have offered provides that 50 percent of this \$182 million item of development assistance be made available in loans rather than in grants. Now, I am quite certain the gentleman from Ohio is attempting to accomplish by this amendment the result that I feel sure can be accomplished by my substitute. While the amendment of the gentleman from Ohio is both permissive and general, the substitute is specific and mandatory.

Our Government has loaned considerable sums to foreign countries since World War II, and it is my understanding that none of these loans are in default. As a matter of fact, of the \$14,147,769,000 made in loans, the sum of \$3,176,216,000 has already been repaid.



In addition, interest on the loans in the amount of \$1,331,284,000 has been collected. Consequently, the taxpayers of this Nation are more than \$4.5 billion better off today than they would have been had this aid been in the form of grants rather than loans.

As I understand it, the development assistance program is designed essentially to help undeveloped free countries raise their standards of living and develop their resources. Some of these nations to whom this assistance may go possess large quantities of critical and strategic materials which cannot be found in sufficient amounts in our own country. For example, the United States today must rely on foreign countries for all of our natural rubber, 99 percent of our chromite, all of our tin, 95 percent of our manganese, and 72 percent of our tungsten. From other countries we must also obtain a large proportion of many additional commodities essential to our military strength and economic welfare. If we furnish development assistance to foreign countries in loans that are repayable, then it may be possible in years to come for those same countries to repay us in the raw materials that were developed with our own loans.

I am willing to admit there is always the possibility that some of the loans we make may never be repaid. But if this development assistance is extended as a gift instead of as a loan, we can be certain that these funds will be gone forever.

I might point out that Congress has in the past required a series of loans in aid bills. All of these were opposed by the executive branch. None, however, were refused by the executive branch. All of the loans were accepted in other countries. None of the loans have been defaulted by any government. None of them, to my knowledge, have caused hard feeling.

Last year the Executive took the position that only \$100 million of the program should be in loans, but Congress required \$255,350,000. The required minimums have all been loaned, and I have heard no claim from anyone that this has crippled the program.

Mr. Chairman, the substitute amendment does not affect the funds provided in the bill for military assistance. It does not affect the funds provided for direct forces support, for defense support, or for technical assistance. It deals with only 50 percent of an item of \$182 million out of a total authorization of \$3,285 million. Nor does the substitute amendment eliminate the \$182 million item of development assistance. It merely makes 50 percent of these development assistance funds available on a loan rather than a grant basis.

Mrs. CHURCH. Mr. Chairman, will the gentleman yield?

Mr. SELDEN. I yield to the gentleman from Illinois.

Mrs. CHURCH. I wish to ask the gentleman whether his amendment is identical to the one introduced by the gentleman from Ohio in committee.

Mr. SELDEN. I think it is.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. SELDEN. I yield to the gentleman from Ohio.

Mr. VORYS. I believe the gentleman has done me the honor of taking verbatim an amendment that I drafted about 3 or 4 days ago when I was wobbling back and forth on the way to do this. I want to say that I agree with everything the gentleman said, but when we took the 50-percent amendment to conference last year we wound up with 30 percent, but they loaned more than 40 percent on these loans. In other words, the minimum still tends to be close to the maximum. That is why I am in opposition to the gentleman's proposal.

Mr. SELDEN. The gentleman did offer this amendment and I supported it in the committee.

Mr. VORYS. Since we are talking about what happened in committee, I offered it for 100 percent, and then for 75 percent, and then for 50 percent.

Mr. SELDEN. That is correct.

Mr. VORYS. And I got licked every time. I wanted to do something that would get through the floor of the House and stand up in conference. That is why I have brought this version here.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. SELDEN. I yield to the gentleman from Minnesota.

Mr. JUDD. What the gentleman from Ohio [Mr. Vorys] has said would seem to refute his own contention that a floor becomes a ceiling. For he says it came out of conference last year with a floor of 30 percent but that they made 40 percent in loans. So how can he predict that if we adopt this amendment requiring that at least 50 percent of this aid be in the form of loans, that will become the maximum? Maybe they will make 60 percent in loans. I am still inclined to go along with the gentleman's original amendment, as I did in committee.

Mr. SELDEN. I think possibly the best argument that has been made in favor of the substitute amendment was made by the gentleman from Ohio [Mr. Vorys] on page 82 of the committee report. Here the distinguished gentleman from Ohio [Mr. Vorys] submitted a statement entitled "Additional views on loans." In it he says:

There is general theoretical agreement with the proposal that our economic aid program should emphasize loans rather than grants, wherever possible. There is disagreement as to the best way to carry this out in practice.

I believe that the best way is to have Congress provide minimum loan requirements in authorizing foreign aid.

Experience shows that otherwise the tendency will be to make grants, not loans, in administration. It is argued that a percentage limitation militates against the placement of a greater percentage of loans. The record does not sustain this argument, for wherever loans have been permitted but not required, few or none have been made.

I find this argument most convincing and I urge the adoption of the substitute amendment.

Mr. HAYS of Ohio. Mr. Chairman, I rise in support of the substitute amendment.

The CHAIRMAN. The gentleman is recognized for 5 minutes.

Mr. HAYS of Ohio. Mr. Chairman, I hope I will not take 5 minutes on the amendment offered by the gentleman from Ohio [Mr. Vorys]. I think he made a very fine argument for it, and in view of the fact that he did make such a good argument I am wondering if he will not just accept the substitute.

Mr. VORYS. No; because it proposes only 50 percent. As I said previously, I wanted 100 percent, then I tried to get 75 percent, and finally I backed down to 50 percent and got licked on that.

Mr. HAYS of Ohio. Now the gentleman is backing down on the whole thing. I think he ought to take half a loaf rather than none.

Mr. VORYS. No; I still think that a congressional minimum ought to be provided; but I think that rather than have a percentage that gets too small, the requirement "shall emphasize loans rather than grants wherever possible" is stronger, and I think we have a better chance of getting loans in a whole lot of places with that than we have with this fixed mathematical formula.

Mr. HAYS of Ohio. I certainly respect the gentleman's views but I must disagree with his statement that this language is stronger, because it does not pin them down to anything. All the Administrator would have to say is that it was not possible to make it on a loan basis and we will give them a grant.

If you defeat the substitute offered by the gentleman from Alabama my suggestion is that you make it 50 percent. This language does not set a maximum at all and it may well turn out as it did in another instance when we said 30 they came up to 40 or 45. If we adopt the minimum of 50 percent they may well make it 60.

Mr. GROSS. Mr. Chairman, I rise in opposition to the pro forma amendment.

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Chairman, this is all very interesting. We are now being asked to gild the lily by accepting some kind of a loan proposition. And I would like to ask the gentleman from Ohio [Mr. Vorys]—I have asked him few if any questions so far in this debate; I have addressed most of my questions to the gentleman from South Carolina—I would like to ask the gentleman from Ohio just how this loan proposition proposed by the gentleman from Alabama and himself is going to affect the talks at the summit.

Mr. VORYS. I think it would be a good thing.

Mr. GROSS. The gentleman thinks it will be a good thing. He thinks it will be a good thing to send the President over to Geneva or wherever the conference is going to be held, where he will have to say that from here on out several hundred millions of dollars will be



put upon a loan basis; that the President cannot tell the foreign Governments they can back the wagon up to the door and take the cash off the counter; that they will have to take it on a loan basis or not at all. What do you think the President is going to think of that? I am surprised the gentleman from Ohio, after his remarks of yesterday, would do anything to displease anyone going to the summit.

Mr. VORYS. Do you know what the President is going to say? He is going to say: "Boys, as I told Congress on April 20, from now on we are going to emphasize loans rather than grants wherever possible."

Mr. GROSS. It seems to me the gentleman must remember lease-lend. How much have we recaptured from the billions that went into lease-lend?

Mr. HAYS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Ohio.

Mr. HAYS of Ohio. I take it the gentleman is agreeably surprised because he has been against these foreign-aid plans, giveaway plans, or whatever he calls them. I take it he is agreeably surprised that anything favorable came out of them.

Mr. GROSS. I am just saying to you that you will not collect this money even if it is loaned any more than you collected under lease-lend.

Mr. HAYS of Ohio. I think the gentleman is taking a good deal for granted. Ordinarily when you make a loan you do not write a letter or say to the recipient that you do not expect him to pay it back. That is what the gentleman is doing.

Mr. GROSS. How much of the \$160 billion we handed out on lend-lease during the war and in the giveaway program since have we gotten back? Does the gentleman from Ohio have an answer?

Mr. SELDEN. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Alabama.

Mr. SELDEN. I would like to say to the gentleman the record indicates that some of the loans have been repaid. Of the more than \$14 billion loaned since World War II we have already been repaid more than \$3 billion.

Mr. GROSS. Out of how much?

Mr. SELDEN. Also, more than a billion in interest has been collected.

Mr. GROSS. How much have we handed out?

Mr. SELDEN. Approximately \$14 billion has been loaned since the end of World War II.

Mr. GROSS. The gentleman is a member of the Committee on Foreign Affairs. How much did we pay out under lend lease, how much have we paid out under the various give-away programs since the end of the war? Can the gentleman give us the total?

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Ohio.

Mr. VORYS. I find somewhat to my amazement that reverse grants, that is, returns on lend lease, have amounted to

about a billion four hundred million dollars. I was surprised that we got anything back but I find we did get something back.

Mr. GROSS. Yes; out of more than \$100 billion, and you want to hand out more money on a virtually noncollectible basis. I am opposed to both of your amendments because I repeat you are just gilding the lily.

Mr. MATTHEWS. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, I rise in support of the substitute amendment offered by the distinguished gentleman from Alabama [Mr. SELDEN]. His amendment makes a little more palatable the mutual security program that we are discussing here today.

I want to take occasion, since this is the first time I have imposed myself upon the committee to talk about this matter, to say that I intend to vote for this mutual security bill. However, the powerful arguments of the opponents have sometimes almost persuaded me to vote differently. Some of us have been a little bit amused at certain remarks that have been made by our colleagues. If they could make those same remarks, these gentlemen who are in opposition to this bill, back in the Eighth District of Florida my people would say "Amen." What I am saying is that to vote for this whole bill is for me to accept a political liability. There is no doubt about that. It is a political liability in the Eighth District of Florida. I appreciate, therefore, the efforts of the members of the committee to make this program just as palatable as possible.

Mr. Chairman, forgive my modesty, but I do not believe I am without some political resources. If someone were to say to me: You are voting for a giveaway program to foreign nations, I would say, and I believe this sincerely: It is a gamble with money rather than with the precious lives of our boys. That is all you can say, as I see it, and all that you need to say. But I do want to plead with the members of the committee to continue making this legislation just as acceptable as we can. I think the amendment offered by the gentleman from Alabama is a wonderful step in that direction.

Mr. HAYS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. MATTHEWS. I yield to the gentleman from Ohio.

Mr. HAYS of Ohio. I just want to compliment the gentleman on the very statesmanlike approach to this matter he has taken and to congratulate him; also to say that the Members of the House realize he has a wide knowledge of foreign affairs and a wide acquaintance and that his words carry a great deal of weight.

Mr. MATTHEWS. I want to say to the gentleman how much I appreciate those remarks.

One of the objections to this program that has been mentioned in the House and that I want to reiterate again is the worry about when it will end. I am worried about that. Another objection is the generosity with which we deal

with foreign nations in the regulations governing these programs and the lack of generosity in dealing with our own people. The gentleman from West Virginia [Mr. BAILEY], and the gentleman from Virginia [Mr. JENNINGS], appeared before the Committee on Agriculture, as well as other distinguished Members of this House—I see many of them here—pleading for some measure to help people in distress in this Nation, and to give them flour and meal. And how difficult it was for us to obtain the legislation because of regulations.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. MATTHEWS. I am sorry. I have but a few minutes.

Mr. GROSS. How much sugar does the gentleman think ought to be put in this bill?

Mr. MATTHEWS. I will tell you, sir. I have heard so much about sugar the last few days that I am almost persuaded to start using saccharin in my coffee from now on.

Mr. BAILEY. Mr. Chairman, will the gentleman yield?

Mr. MATTHEWS. I yield to the gentleman from West Virginia.

Mr. BAILEY. I would like to inform the distinguished gentleman from Florida that we do not as yet have the meal and the flour for the miners. That is tied up over in the Agricultural Committee of the other body.

Mr. MATTHEWS. I want to thank the gentleman.

And that pinpoints something that our people cannot understand and I cannot understand. Now, here is a part of this program we call development assistance, a broad general term, a new title. How far does it go? When does it end? What will it be? I praise again the gentleman from Alabama and the gentleman from Ohio for saying to us "Well, at least let us try to get some of this back in the form of repayment of loans." We are going to need these strategic materials that those nations have. They are proud nations; they are independent. I do not see how anyone could object to receiving some of this assistance back in terms of these strategic materials. Mr. Chairman, as we logically try to answer some of these burning questions when can we see the possible end of this program? I find it increasingly more difficult to explain to my people why we have to continue this program indefinitely, and I know by the talks I have had with my colleagues that you have that same problem. Let us do something about this trade not aid. What about trade not aid?

Mr. GROSS. They have conveniently forgotten it.

Mr. MATTHEWS. What about some of these other parts of the program that we look forward to starting and thus save our taxpayers money? So, I say again I am going to vote for this amendment. It will save our taxpayers money. I hope it passes. If this amendment does not prevail, I will be delighted to vote for the amendment offered by the gentleman from Ohio.

The CHAIRMAN. The time of the gentleman from Florida has expired.



(Mr. MATTHEWS, at the request of Mr. HAYS of Ohio, was given permission to proceed for 2 additional minutes.)

Mr. MATTHEWS. I thank my distinguished friend for granting me that extra time.

I want to say in closing, Mr. Chairman, that I am going to vote for the mutual security program, and I want to tell the members of the House Committee on Foreign Affairs how much I appreciate the work they have done. I want the chairman of this committee to know that I realize the problems he has had, as well as every single member. It is a job that I would not relish, and I want to say to the chairman of the Committee on Foreign Affairs that I know you are doing your duty as you see it as an American citizen. You are fighting for the one thing that we are all dedicated to, and that is the safety and the best interests and the preservation of the United States of America. I plead with all of you as we think about this amendment again to make it just as palatable as we can and to keep in mind the burning problems that face us as we take these issues back to our people and try to explain to them the need for this program.

Finally, I want to emphasize again the reason I am going to vote for mutual security is that it is the only possible alternative that I see. It is either gambling with American money or gambling with American lives, and if I am offered that choice, I will gamble with money every time.

Mr. RICHARDS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I want to congratulate the gentleman from Florida [Mr. MATTHEWS] for his splendid and patriotic address, and I want to thank him in the name of all of the members of the Committee on Foreign Affairs for the kind words that he has expressed about us. To say the least, this kind of bill is difficult for any committee of the House, and I want to join with him in saying that even if some of this money is wasted, we are gambling with dollars and not with American lives.

As to the substitute amendment offered to the amendment of the gentleman from Ohio, I find myself for one time in agreement with the gentleman from Iowa [Mr. GROSS]. He stated awhile ago that he was against the amendment and against the foreign-aid bill, but he was right when he said that both of these amendments just guild the lily.

As a matter of fact, I have been fighting a long time along with my friend from Ohio [Mr. VORYS] and other members of the committee to build up the loan part of this program. We have met some success. Already in this bill there is \$100 million reserved for loans. There are some things to be done in this part of the world which should not be done on a loan basis. Some of the projects involve health and education and should not be financed with loans.

There are other loan provisions in other sections of this bill where substantial loans can be made.

If the Committee is going to adopt any amendment on this subject, I would sug-

gest that they adopt the amendment offered by the gentleman from Ohio [Mr. VORYS] and vote down the substitute amendment.

I am not opposed to either one of them in principle. That is what we have been trying to do all along. But let us not defeat the very purpose we seek to accomplish. They can say all they want about the record on this, but when you put a minimum in a bill it sometimes turns out to be the maximum above which loans will not be made. That is the way I see it. If the Committee adopts the language of the gentleman from Ohio they will be saying to the executive department, "Make the loans whenever you can." In the final analysis, the administrators of the program are going to have the decision anyway as to whether to make a loan. They are the ones to take the responsibility.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield to the gentleman from Ohio.

Mr. VORYS. The gentleman is familiar with the fact that after considerable soul-searching and negotiation the language I have proposed is acceptable to those who agree that they will carry out the mandate that they make loans wherever possible but do not want a minimum. So that the language I have proposed in my amendment is acceptable to the administration in charge of this program.

Mr. RICHARDS. It is acceptable. I do not think either proposal adds much to the bill. But I cannot see any good reason why I should oppose the amendment of the gentleman from Ohio.

The CHAIRMAN. The question is on the substitute amendment offered by the gentleman from Alabama [Mr. SELDEN] to the amendment offered by the gentleman from Ohio [Mr. VORYS].

The question was taken; and on a division (demanded by Mr. SELDEN) there were—ayes 19, noes 52.

So the substitute amendment was rejected.

The CHAIRMAN. The question recurs on the amendment offered by the gentleman from Ohio [Mr. VORYS].

The question was taken; and on a division (demanded by Mr. VORYS) there were—ayes 54, noes 23.

So the amendment was agreed to.

Mr. ADAIR. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ADAIR: On page 6, line 23, strike out "\$71,000,000" and insert in lieu thereof "\$1,000,000."

Mr. ADAIR. Mr. Chairman, this amendment, as you have just heard, would take from the bill \$70 million. The total item is \$71 million, which is listed as Development Assistance for Asia; that is, \$70 million for India and \$1 million for Nepal. I do not propose to remove the latter \$1 million. The amendment would be, therefore, one which would remove \$70 million worth of economic aid for India.

In this connection, I think the House would want to know what that money would go for according to the program presented. Generally speaking, it would

be for these items: \$10 million for agricultural and natural resources, including \$4 million for the purchase of fertilizer for use there; \$4 million for the development of deep wells; \$2 million for river valley development; \$5 million for construction of electric power facilities; \$15 million for steel, some of which I think might go into some small rural industries in that country; \$6 million for the development of the Indian railways; \$4 million for malaria control.

Those are among the items for which this \$70 million is programed.

It ought to be said to the House that in this \$70 million there is also proposed the use of \$30 million of surplus agricultural commodities. Those commodities would presumably be sold in India and the local currency proceeds from those sales would then go for agreed economic development purposes.

In the past and presumably again this year there will be a substantial amount of this Indian program placed on a loan basis. In view of what we have just been discussing with respect to the last amendment, we ought to keep in mind, in fairness, that a considerable portion of this money for India has heretofore been in the form of loans.

I want to emphasize that this proposal does not touch \$15 million which is programed for technical cooperation, a continuation of the point 4 program. That is left by this amendment intact in the bill.

Mr. BAILEY. Mr. Chairman, will the gentleman yield?

Mr. ADAIR. I yield to the gentleman from West Virginia.

Mr. BAILEY. As to the item of \$5 million the gentleman mentions for the development of electric power, is that going to be public power controlled by the Indian Government or is it going to be a private-power development?

Mr. ADAIR. It could very well be the former—that is, Government-controlled power. I am not certain, however, so I cannot answer the gentleman with complete definiteness upon that point.

It has previously been said here that this bill does have a bearing upon our foreign policy. Therefore, I think it is important in enacting this legislation for us to try to keep in mind those nations which are our friends and those which cannot make up their minds whether they are our friends or whether they pursue a policy which is called neutralism but which seems frequently to follow the line usually advocated by Russia in matters of world affairs.

Mr. HAYS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. ADAIR. I yield.

Mr. HAYS of Ohio. If the gentlemen's amendment should prevail, does the gentleman then intend to support the bill?

Mr. ADAIR. I would say to the gentleman from Ohio that if enough good amendments to this bill would prevail I would support it. Based upon the previous record in the House in the matter of supporting these good amendments, I would say to him that it is quite doubtful that enough such will prevail.



I said earlier in the debate that I was not opposed to all parts of this program. I think there are some very good parts.

At the same time there are in this program some very bad parts. This, I believe, is one which we ought to examine most carefully.

Mr. HAYS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. ADAIR. I yield.

Mr. HAYS of Ohio. I just want to state that the gentleman's idea of good amendments and mine might be different.

Mr. ADAIR. I am quite sure that is true. That would be true, probably, with all Members of the House.

There is no question about that, but in voting either for or against this amendment, we are having the opportunity to register our opinion of what we think of the attitude of the leaders of the great Indian people. Certainly, at the same time we have the greatest respect for the Indian people, and wish them every success in the solution of their governmental problems.

The CHAIRMAN. The time of the gentleman from Indiana [Mr. ADAIR] has expired.

Mr. JUDD. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, of course, to oppose this amendment is not an easy position to take for reasons I am sure everybody understands. It would be easier to support the amendment because I get just as provoked by some statements made by some leaders of India, and of some of the other countries we are helping, as anyone can. But the more difficult the situation is, the more we need to stop and take a good look at just what this whole bill is about, what we are trying to accomplish by this program. It was never intended to be a means of getting people to like us. Surely we are not so immature people as to crave somebody's affection to the point that we are willing to ignore our own intelligent long-term self-interests.

The idea is not that we can bribe people to join our side. If we could, they would not be worth having on our side.

It has been said again and again in this debate, "We cannot buy friends by giving them money." Why, of course, we cannot. Whoever suggested that the primary purpose of this program is to buy friends? Friendship is not for sale either in private or in public life.

This program is not to make ourselves feel good because of the help we are giving to needy peoples.

It is not an attempt to make India or any other country a satellite of the United States. That is the Kremlin's method, not ours. It is one of the things we are fighting. We do not want the peoples of the world to be subservient to us any more than we want them to be subservient to the Kremlin or Peking. We do not want Mr. Nehru or anyone else to bow before us as a cringing suppliant, saying, "Oh, thank you so much for all the help you have given me." I would have no more respect for us if we sought that than I would have for him if he did it. Furthermore, he would

be repudiated in his own country if he took such an attitude, the same as you and I would be in our country if we were to bow and scrape before some foreign nation.

The people of India have pride, too. They have dignity. People who have won their independence only in the last 7 or 8 years are especially conscious of it. Some would say they are unduly sensitive. Perhaps so, but it is a natural and inevitable reaction to be touchy and concerned about the newly won position of equality and prestige which they have struggled so long and hard for 200 years or more to win.

Now, let us keep our eye on the ball. What we are trying to do in this program is to safeguard the security of the United States—period. That means we are striving to build a world of peace and freedom, otherwise we will not long be secure. That means we have to stand with all others who are striving for the same kind of a world.

In this program we are trying to help free peoples stand on their own feet so that they can maintain their independence and keep their land and resources out of the hands of our enemies.

There are two main ways to safeguard our security. One is by every legitimate means to try to prevent expansion of the power of any hostile nation or nations; the other is to keep ourselves strong and by every legitimate means try to keep strong other free peoples who are endeavoring to preserve their independence, and to keep them on good terms with ourselves, if possible.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. JUDD. I yield.

Mr. GROSS. How do you propose to do that without friends?

Mr. JUDD. Without friends?

Mr. GROSS. Yes.

Mr. JUDD. It all depends on what you mean by friends. I think any government in the world today that is fighting for its own independence and striving to stand on its own feet is friendly to the United States in the sense that what it is trying to do serves also our own primary concern, namely, our national security.

It is not a matter of speeches or sentimental declarations of friendship. It is whether what they do helps preserve their independence. If they are independent, that serves our interests as well as theirs.

Mr. Nehru is obviously not devoted to us; but his loyalty is not to the Soviet Union either. Mr. Nehru is for an independent India. I want to help him keep India independent.

Equally obviously, he is also scared of the Soviet Union and Communist China. Why should he not be? A good many other leaders in Europe, as well as Asia, are scared of them, too. I am sorry to admit that not a few in our own country seem so scared that they are saying we should give up our honor and our pledged word—just a little, of course—if thereby we can perhaps buy a little peace for ourselves for a few years.

Why does he make some of these statements against us? In the first

place, it is safe to say them about us—he knows we will not do anything to him. He knows the Soviets might. Perhaps the Commies will be nice to him, if he will denounce us. They will not, if they get him under their control; but he does not know that yet.

Another reason is that he does know first hand the old imperialism of the West. The British had him in jail for 12 years. If I had been held in jail 12 years because of fighting for freedom, I suspect I would have a permanent scar in my soul against the people and all connected with them who were responsible for it. We, too, speak English and have Anglo-Saxon traditions. There is a subconscious transference of his resentment against the British to all people associated with them, and that includes us.

Mr. ADAIR. Mr. Chairman, will the gentleman yield?

Mr. JUDD. I yield to the gentleman from Indiana.

Mr. ADAIR. Is it not true, however, that the statements he makes are more harsh against us than the British?

Mr. JUDD. Yes, he has already achieved his independence of them. He has to demonstrate now his independence of us. The fact that we are giving him more aid than the British makes it more necessary to speak out against us, to show that he is not subservient to us.

Governments in Asia's history have seldom been benevolent to their own people, much less to other countries. For centuries, Asia's entire experience with European governments was one of colonialism, imperialism, and exploitation. When America now gives them millions of dollars worth of aid asking nothing except that they build up their own people and strengthen their independence, it is too good to be true. There must be a catch somewhere. And Communists are always whispering that it is not generosity, it is evil capitalism which has to export to prevent collapsing and is seeking to get its hooks into the recipient country in order to seize control of its economy.

So, inevitably, they fear there must be an ulterior motive, a sinister purpose behind our aid, even though they want it so badly. They cannot see the catch but they assume there must be something under the woodpile or we would not be giving it.

A third reason is that the head of any newly independent government which receives aid from a foreign government is under suspicion immediately in his own country.

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

(By unanimous consent, Mr. JUDD was granted 3 additional minutes.)

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. JUDD. I yield to the gentleman from Iowa.

Mr. GROSS. What kind of scars will the American servicemen have after serving in a foreign prison?

Mr. JUDD. What has that got to do with it?

Mr. GROSS. The gentleman is talking about scars which Nehru has because of imprisonment by the British.



Mr. JUDD. Yes, because they are important to understanding former colonial peoples. I am not justifying or condemning them. I am simply analyzing the situation. If a patient comes in with tuberculosis or cancer, I do not take responsibility for it. I did not create it. I wish it were not there. But if I am an intelligent physician, I try to diagnose the condition correctly and try to correct it. That includes scars.

Mr. WINSTEAD. Mr. Chairman, will the gentleman yield?

Mr. JUDD. I yield to the gentleman from Mississippi.

Mr. WINSTEAD. Are the funds involved in this bill loans or grants or what? The point I am trying to make is this, if they came on bended knee, begging for all this money, we would have no respect for them. I think those nations would have more self-respect if they took this as a loan. I am wondering if this bill carries loan or grants to India.

Mr. JUDD. The 50-percent provisions on loans that we were discussing a few minutes ago apply to this development assistance the same as to other parts of the bill. We considered in committee an amendment that at least 50 percent of the aid should be in loans and the other 50 percent in surplus agricultural commodities. But that simply would not be feasible in many situations.

Mr. WINSTEAD. It is more or less left up to the administration whether it is loans or grants?

Mr. JUDD. That is right, within the limitations established.

Mr. PASSMAN. Mr. Chairman, will the gentleman yield?

Mr. JUDD. I yield to the gentleman from Louisiana.

Mr. PASSMAN. In the instance of India, most of it is under the technical cooperation, \$70 million?

Mr. JUDD. No, this item is for development assistance.

Mr. PASSMAN. But how can you make it on a loan basis under the provisions of this bill?

Mr. JUDD. This amendment does not deal with technical assistance. That comes later.

Mr. PASSMAN. The \$70 million comes under technical cooperation.

Mr. JUDD. No. It is under title II, "Development assistance." This does not touch \$15 million for technical cooperation which is dealt with in the next section, amending title III.

Mr. Chairman, may I finish the point I was trying to make.

A leader in such a country as India or Burma or Indonesia who receives substantial aid from abroad is immediately charged by his political opposition as being a puppet, as having sold out to the giver in his order to get the aid. So he has to get up occasionally and make a harsh statement to show that he really is independent and not a puppet. Furthermore it is always popular with much of the public to denounce some foreign country. Big Bill Thompson was elected mayor of Chicago twice on a platform of punching King George III in the snoot, although the king had been dead some 150 years.

This is a part of the political process in other countries too. It may work

more to our advantage hereafter. Mr. Nehru has just been in Russia and had a love feast. If he gets any aid from Russia—and I doubt it will be much—he may be accused of having sold out to the Kremlin and be forced by his opposition at home to get up and sound off occasionally against the Soviet Union in order to show he has not become a puppet of the Communists abroad while fighting them at home. We wish he were openly on our side. But since that is clearly not possible at present, is it not better to have him somewhere in the middle than wholly on the Kremlin's side? Our legitimate and primary interests are adequately served if India is free. If its manpower, its resources, its great strategic bases are not in the hands of the Kremlin, that greatly increases our security.

Whether Nehru likes us or not is secondary. These 70 millions for aid to India—40 percent of it American surplus agricultural commodities—are not given in an attempt to buy friendship or gratitude. The key thing is to give India the capacity to build up its own strength and to keep out of the control of the Kremlin's world conspiracy. That is enough to justify the whole authorization. I hope the amendment will be defeated.

Mr. CARNAHAN. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I think we should consider rather carefully what it is we are trying to do with this item of developmental assistance for India. Developmental assistance to this area is \$71 million, \$70 million of it going to India.

We should bear in mind that India, a democratic country, has 400 million people. What India does during the next quarter of a century may well determine the conflict between the free world and the Communist world. Some of the House membership seem to think that this aid is going to Nehru. That certainly is not the purpose of it. This aid is going to the 400 million people of India who are striving courageously to improve their standard of living. Any of you who have been in India within the last few years must be conscious of the fact that in this great democratic country there is bubbling enthusiasm on the part of the masses of the people to attain a better life for themselves. That is what we are attempting through the aid to help them do. We are no more helping Nehru in this aid than we could be said to be aiding our own leaders in this country by anything we do for our people.

Ten million dollars of this \$70 million aid is going to aid the Indian people in the field of agriculture where they can learn to get more from their soil, where they can learn to produce more food so that they may not be quite so hungry during all the year as they have been in past.

Thirty million dollars of this aid is going to them in the form of surplus agricultural commodities. This type of aid is intended for a people whom we believe need this help to improve a low standard of living.

Before the committee reached the decision of further assistance to India it

carefully considered the effects of such assistance not alone on India but also in the larger contacts of our Asian policy. Here we are dealing with Indian-Asian people where we know there has been developed over the years a gulf between the people of Asia and our own people. If we deny this sincere friendly help they will say: "Yes, that is the usual pattern; you give aid to other but us Asians, you have nothing for us."

It is clear that India's foreign policy is often divergent from that which the United States would have it be, but we hold to the idea that people determine their own policies; and surely it is not our intention to say to a free democratic country that unless they do exactly as we feel that they should then we will have nothing to do with them.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. CARNAHAN. I yield to the gentleman from Minnesota.

Mr. JUDD. What would be the situation if we were to adopt this amendment and cut out this aid to India as the suggestion of those who are angry with India because some of her leaders have seemed to be leaning toward the Soviets rather than doing what we believe it would be better for them to do? Would we not thereby be forcing them to do exactly what we do not want them to do?

Mr. CARNAHAN. That is true.

Mr. JUDD. They would have no alternative except to line up openly and perhaps completely with the other side.

Mr. CARNAHAN. We would perhaps be giving them the final push.

Mr. JUDD. That is right. The committee believes that any hostile expression by Indian Government leaders must not obscure the fact that our Nation is interested in the preservation of the Indian Government as an independent, free, democratic state.

Mr. BENTLEY. Mr. Chairman, I rise in support of the pending amendment.

Mr. Chairman, I support the Adair amendment to strike out the \$70 million for development assistance to India. We have had a great deal of fear expressed over the fact that if India is so-called cut loose from our foreign aid it would apparently fall into the Soviet orbit.

In the first place, Mr. Chairman, the amendment does not touch the technical-cooperation funds for India. It continues such funds which both the gentleman from Indiana and I believe should be continued.

In the second place, to name two Far Eastern countries, Ceylon and Burma, whose Prime Minister is a guest in this country at the present time, neither country, so far as I know, is taking a penny in economic assistance from this country. Yet, I do not see where they have gone into the Soviet orbit to any extent.

Mr. Nehru has been quoted as saying that he is an independent and is neutral, he is not on either side. I wonder if the members of the committee have read the statement that was issued following his visit to Moscow very recently, a statement he issued in conjunction with Marshal Bulganin? If there was ever any statement that was more subservient to



the Communist propaganda on foreign policy, particularly in the Far East, more so than from the head of any satellite state, which I have ever heard, I do not know what it is. That statement of Mr. Nehru and Marshal Bulganin is the Communist line on foreign policy all the way down the line. I fail to see how Nehru can claim to be independent of the Soviet Union after making such a statement.

The claim of India's neutrality has been advanced by Mr. Nehru and by many other people very recently. I would like those individuals to tell me on their own time when in the past few years Prime Minister Nehru has criticized the Soviet Union or any of the Soviet leaders in the terms and in the words with which he has criticized and attacked this country continuously, beginning, as I recall it definitely, only a short 2 years ago when he, in effect, accused President Eisenhower of being a warmonger and claimed that his election was a threat to the peace of the world. That was in February 1953.

Mr. Chairman, I am not opposed to India. If she wants to go her own way, that is fine. What I am opposed to, though, both in respect to India and in respect to Yugoslavia, is the following: We have certain allies in the Far East and in other parts of the world, including Pakistan, Thailand, and the Philippines, all-out friends in the Far East. Let us keep those friends and let us confine our aid to them. Those countries that want to be neutral, really neutral, such as Sweden or Switzerland in Europe, or Burma in the Far East, let us respect that neutrality. Let us not keep on trying to bribe them to change their course. But those countries that have one foot on one side of the Iron Curtain and the other foot on the other side of the Iron Curtain and their hands out both in Washington and in Moscow, I think we ought to tell them to make up their minds which way they are going before we start pouring money into those countries.

Why is it necessary, in the case of India of all countries, to give this type of assistance to her, \$70 million to India for this development assistance, when she is the only country in the Far East getting that kind of money, except a million dollars for Nepal? In India you have a Socialist type of government, you have a government which has deliberately discouraged private investment, foreign private capital, from coming into the country and doing a job that could be done much more efficiently and much more economically than most of these programs here provide. If you vote the \$70 million to India—the committee must work its will on that issue—I would like to point out to the Members then you should be prepared to pay subsidies to any other Socialist government who cannot do the job, who bars foreign private capital investment, and therefore we have to come in and we have to fill up the vacuum.

In conclusion, I would like to say to the committee that I do not have any illusions that the amount or pretty much the amount of this foreign aid bill, \$3.2 billion, is not going to be approved. But

I would like to remind the members of the committee, particularly my good friends on the right, of one thing. It was not too many months ago that there was talk and discussion of a \$20 tax cut. If you take one hundred and sixty or one hundred and sixty-five million people in the United States and you divide that number of people into \$3.2 billion, which is what you are voting in new money for foreign aid, you come out to about \$20 for every man, woman, and child. That is approximately the amount of new money contained in this bill.

Mr. HAYS of Ohio. Mr. Chairman, I rise in opposition to the amendment.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Ohio. I yield to the gentleman from Minnesota.

Mr. JUDD. The gentleman from Michigan [Mr. BENTLEY] properly said that there was no development assistance for Asia in this bill for any other country than India except \$1 million for Nepal. But that is not quite the full story—in this sense. Last year when Pakistan entered into a mutual defense agreement with us, we moved over into the category of defense support, what otherwise would be called development assistance, and in this bill Pakistan, with one-fourth of the population of India, is getting \$63 million for the same sort of program as India's development assistance.

Mr. HAYS of Ohio. I thank the gentleman.

I would like to point out in opposition to this amendment some of the graphs and bars on this chart. I think that was one of the most effective things presented to the committee. You will find it on page 63 of the hearings. The chart is reproduced, and it shows the more developed the country, the better customer it is, and that is exactly what this money proposes to do for India, which is certainly one of the underdeveloped countries of the world. You will notice that Canada, which more nearly parallels our development, is our best customer, and it goes right on down the line. At the bottom of the list is Pakistan, and next to Pakistan is India.

What do we propose to do with this money? The gentleman from Michigan made a point. He said that we must frankly admit that we are subsidizing a Socialist government. I do not think that is true at all. As a matter of fact, if we can go in and get at the source of some of the things that make India a country of low income per capita, we can encourage those people in capitalism. Certainly they had a Socialist government for a while in Great Britain, but we did not break off relations because of it, and I am happy to say that it was partly due to our influence and partly due to the fact that we made such a remarkable recovery in this capitalist country after the war that the British threw out the Socialist government and put in a government which is certainly in favor of the capitalistic system. I would like to believe that was part of it, and I believe it was. I do not say that I or any other Member of this Congress influenced the British elections, but the Brit-

ish people saw for themselves what you can accomplish under one form of government and what you can accomplish under another, and they chose the one that they thought they could get the most from in the way of a standard of living.

Mr. JUDD. Mr. Chairman, if the gentleman will yield further, is it not absolutely necessary for a poor country to get capital from somewhere, and if it cannot get it from abroad in the form of development assistance, loans, and grants, it has to use socialism and do it in a way that amounts to government ownership and operation?

Mr. HAYS of Ohio. It has to get it some place. One of the programs I approve of that has been put into effect by this mutual-security program was the program teaching the people how to grow more wheat per acre. In one area in India we sent people in there and had them raise the production from 4 bushels to the acre, which is mighty low, to 12 bushels to the acre, which is not very high by our standards. But, it was a three-fold increase. If you want to really strike at the roots of communism, if you want to strike at the base of communism, the thing that makes communism thrive and take root, you have got to strike at situations in countries like India where the people's standard of living is almost so low as to be nonexistent, and I think we can get a little more for our dollars comparatively by spending \$10 million, yes, to do away with malaria, and another \$10 million to develop wells in India and to just raise that minimum a little bit, perhaps, than we can by spending billions of dollars for atom guns and bombs and tanks. If you do not have communism in the first place you will not have to fight it in the second place.

Mr. ADAIR. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Ohio. I yield to the gentleman from Indiana.

Mr. ADAIR. The gentleman was talking about increasing the production of wheat in certain areas, something we are all in favor of, of course. But I ask the gentleman if it is not true that that is very largely a program of technical cooperation and that is not touched by my amendment.

Mr. HAYS of Ohio. That is true, it is not touched by the gentleman's amendment. I thought that is what the gentleman was going to say. But you can call this whatever you wish. You can call it a development fund; you can call it a technical assistance fund, you can call one of them a development fund and the other a technical assistance fund. But when you get to sorting out technical assistance from development, I defy any Member to tell which is which or how to label one or the other, because they both fit into the same classification. They both have the same ultimate objective and ultimately they both do the same thing. So you are really crippling technical development when you cripple this fund.

Mr. CHRISTOPHER. Mr. Chairman, I rise in opposition to the amendment of the gentleman from Indiana [Mr. ADAIR].



Mr. Chairman, as I stay on the floor of this House, I watch the amendments come to the Clerk's desk, offered by men who will refuse to vote for a piece of legislation even if their amendments are accepted. Mr. Chairman, that is the acid test. If I offer an amendment to a bill on the floor of the House and the amendment is accepted, I shall vote for that bill on final passage. As I say, that is the acid test. I am tired of seeing men just trying to cut the corner off a measure here, cut the corner off a measure there, hamstringing it down next to the floor, draw it and quarter it little by little in order to destroy it; not because they want to make it a better piece of legislation, but because they are in opposition to it and were when it came to the floor, and would still be in opposition to it if there were not a scrap of it left any bigger than my fingernail.

So far as this money for India is concerned, I am inclined to look back down the path the human race has followed, look away down that path, until it is lost in the fog and dust of antiquity; and all along that line that we have gone all through the years and the ages, by the side of that road that humanity has followed up to the place it occupies today, you can find the whitened skeletons of nations and empires that have been destroyed by cupidity and greed and avarice and tyranny. But I defy the gentleman from Indiana [Mr. ADAIR] or any of the gentlemen on the floor of this House to point to one nation that has been destroyed by brotherly love and charity and the spirit of helpfulness, throughout all the ages.

A great statesman was born over here in Virginia and one of the greatest things he ever said was: "I have but one lamp by which my feet are guided and that is the lamp of experience. I have no way of judging the future except by the past."

And looking back into the past I think this Nation is charting a course that was laid down by the great Nazarene 2,000 years ago when He said: "Do unto others as you would have them do unto you."

The best prayer I ever read in my life was this—and it was short. A man got down on his knees and he said: "God, do to me today as I did to my fellow man yesterday."

Improve on it if you can.

Mr. MARTIN. Mr. Chairman, I move to strike out the last word.

(Mr. MARTIN asked and was given permission to revise and extend his remarks.)

Mr. MARTIN. Mr. Chairman and Members of the Committee, I share with you some of the prejudice, which is natural, from past statements of Indian leaders. But I am not one who would let my prejudices stand in the way of realism.

We are embarked upon a program and have been embarked upon it for a good many years. We have spent billions of dollars. We are making great progress. We find Europe in fairly good shape today, and we see the light dawning once more in Asia. We may be able to keep back communism in that vastly populated continent.

Having embarked upon these great programs involving billions of dollars, I ask you if it is wise to deny \$70 million or to deny money to any of the countries that are in this program.

As I stated before, I share your resentment against some of the things that have been done by leaders of countries to whom we have given a great deal of money, but let us not forget we are in a war, a cold war, and it is approaching the time when the decision may be right ahead.

President Eisenhower is going to a meeting at the summit. There he hopes he can pave the way for peace and understanding in this world. I do not believe in Russia's word any more than you do. I realize they are almost impossible to live with. I also know that conditions in Russia today are such that they cannot be as bold and as defiant as in past years. The Russian people are showing the strain of trying to build up war machines in Russia and Red China. In their efforts to construct those machines, the people of Russia have been obliged to be denied many of the bare necessities of life. This they very naturally resent and question why the necessity.

As President Eisenhower goes to this meeting at the summit let us send him there without any handicap. He can be depended upon to use his power for the best interests of the United States. He will try to make the kind of understanding that will enable him to reach a condition where he can win this cold war for the free world.

There is a great danger involved in this amendment, and one which is to follow, relative to Yugoslavia in Europe. Naturally, I would like to spend all the money we send abroad to Spain, Greece, Turkey, Pakistan, South Korea, Formosa, and other stout allies and supporters. These are people whose loyalty cannot be questioned. But I realize there are many millions of people in India. All is not lost yet in that great country. They may yet see the real light America holds aloft. Then there is Yugoslavia, a country tied up as it is with Turkey and Greece. These are a bloc of countries which have been effective in the past. They are a powerful bloc in the days directly ahead. Let us not foolishly cast aside the second largest standing army in Europe.

It might bring remorse later. It is good judgment to continue the gamble. There is still a chance it may pay off. So I am opposed to this amendment. I believe it would not serve the purpose for which it was intended. The gentleman from Indiana is fighting communism and he is to be commended for his gallant fight. But he is not contributing to that cause when he denies a chance to win these millions of people to our side. These people are essential, they will be helpful if we are forced to fight a final battle for a free world. It is not over yet. It will not be over even after the meeting at the summit. We must continue to be watchful and continue to be strong. Having spent billions already, let us not hesitate when there is

such a splendid chance of victory at an early date. Some day the light will come to the people of India and Yugoslavia. They will learn they will find much more freedom from their western world associates. Nehru will not always be the head of that great Indian state, and if he does continue to be the head of that state, he will eventually be forced by the mighty voice of public sentiment in that great nation to change his tactics because the people of the world are going to know eventually that America has no ulterior purposes or motives. America wants neither land nor power. America simply wants to make this world safe for freedom and to make it safe for the common people everywhere. This mighty truth will eventually percolate to the great masses of these wavering countries.

Mr. JUDD. Mr. Chairman, will the gentleman yield for a question?

Mr. MARTIN. I yield.

Mr. JUDD. Is it not true that whatever Mr. Nehru may say publicly regarding international matters, including international communism, he is bitterly and strictly anti-Communist at home and that communism is losing ground within India itself?

Mr. MARTIN. I am not acquainted with Mr. Nehru and I do not particularly care to be. I do not care too much what he says. I am not thinking of Nehru—I am thinking of the people of America and the people of the free world everywhere. What is best for the free world is what guides me in opposing this amendment. I think to adopt this amendment would be unfortunate. As President Eisenhower goes to the summit, it would be unfortunate to have his hands tied. Coming at this time, the amendment is particularly unfortunate. It would erase all the good will and understanding developed in the past. We are not giving India arms. We are giving only point 4 aid to lift their standards of living and make the country less fertile soil for communism.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. DIES. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I appreciate the high and noble sentiments expressed by the minority leader. I realize that the administration believes this program is helpful in the struggle of the free world against communism. I also realize that the President of the United States can be mistaken. He was mistaken in 1944 and in 1945. I have some excerpts from statements that he made and letters that he wrote and speeches he made in which he disclosed his misunderstanding of the true purposes of Communist Russia. He was not the only one mistaken. But he said that we could co-exist with Russia; that Russia had peaceful intentions and ideas; that there was no reason we could not do business with Russia. Of course, I am not condemning him because of his errors in judgment, but the fact that he was mistaken tragically at that time, certainly does not cause me to believe he is infallible at the present time. I am



thinking of my children, of my grandchildren, and of future generations. I have been in this Congress since 1931 and I remember when the first bill came before us to appropriate public moneys to relieve distress in this country. I remember the misgivings among the Members of the Congress because we proposed to appropriate \$300 million. I remember during that period how careful we were with the people's money.

Members would stand on the floor and say: "Where are we going to get this money? Can we justify this expenditure? Is it right to spend the taxpayers' money for this project?"

Then I have seen this idea of spending money grow by leaps and bounds, until our Government seems to lack any comprehension of the consequence of our commitments. In the immortal words of Alexander Pope:

Vice is a monster of so frightful mien,  
As to be hated needs but to be seen;  
Yet seen to oft, familiar with her face,  
We first endure, then pity, then embrace.

We have contracted the habit of spending vast sums of money until we are now at a state where we spend it in a country that is not friendly to us, a nation whose official hates us, and collaborates with a potential enemy, and issues a joint statement that we ought to surrender Formosa.

How far can we go, a Nation that owes \$280 billion, a Nation whose citizens are now staggering under the greatest tax burden that any people ever endured? Just what concern do we have for the Nation's posterity, and what will they say of us when we continue to insist that the whole world ought to be the recipients of their bounty, and we lack the honesty to vote taxes to pay for it? I would not object as much to this program and many other projects if we would have the honesty and the decency to come in any say: "We are going to spend this money because we think it is necessary, but we are going to tax this generation in order to pay for it."

I realize that in times of war and great emergency you have to borrow money, but we have been passing through the most prosperous period in the history of America, and we continue to pile up a deficit. Though the President was elected on a program of sound fiscal policy, though that was the basic platform that attracted to the Republican banners in Texas and all over the country literally thousands of former Democrats, it is discouraging to me that the Republican Party now finds itself failing to stop inflationary policies which they denounced and against which they campaigned 2 or 3 years ago.

The CHAIRMAN. The time of the gentleman from Texas [Mr. DIES] has expired.

Mr. RICHARDS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, generally speaking, the distinguished gentleman from Texas [Mr. DIES], who has just addressed us on the question of deficits, taxes, and economy is right. There is no question about that. There is a payday down the road ahead for this country. The same thing applied to the defense bill

that came up this morning. I did not hear him say anything about that. I did not hear him say anything about all these appropriations of \$340 billion for defense. I imagine the reason he did not say anything was because he felt it was necessary for the security of the United States, and that we had to pay the price.

If this bill can stand at all it must stand on this basis, that it is for the best interests of the United States, and it is part and parcel of our defense program. I stand on that ground. If that position is sound, if the majority of the Members believe that position is sound, this bill will be passed by this House. If they do not think down in their hearts that it is sound, I believe they will vote it down, and they should vote it down.

Somewhere along the line somebody has got to pay the piper. We have got to pay these debts, we have got to provide these appropriations, or we may be faced with a war that will take away everything we have and we will have to start all over again if there is anything left to start with.

Those are the issues.

Those who are opposed to this bill are using the vehicle of this amendment applying to India. They say some personalities in India are not friendly, that Nehru has not done this or that. Personally, I do not like Mr. Nehru; and Mr. Menon, his representative who is going around the world, I think down in his heart is a devoted Communist leader. I like him still less. Some day the folks who are wining and dining him will find Menon out. He is not true to India or to the United States, and I do not believe our people or his people know it.

Now, I served in the United Nations with this gentleman; I heard him express his opinion day after day, and I talked with him. My opinion is that Mr. Menon does not speak the spirit of India. I never met an Indian in official position, there might be one or two exceptions, except for Menon and Nehru, for whom I did not have the highest respect, even affection. The Indians are a fine and a great people, and the problems of those 400 million people on the borders of the Iron Curtain, if you please, astonish you the more opportunity you have to observe them.

The heart of India is on the side of democracy, no matter what her leaders say and how forcefully Mr. Menon may try to betray them.

Mr. Chairman, the basic purpose of this bill is to increase the security of the United States and at the same time show to the world that the milk of human kindness mentioned a while ago by our friend from Missouri, still flows. This is casting bread upon the waters. Some day the bread will return to us and we will be repaid manyfold; but do not let personalities determine your opinion on this issue.

Mr. BURLESON. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield.

Mr. BURLESON. We all realize, of course, that this is not a bill to support the domestic economy of the United States, but is it not true that in the

printed hearings the testimony shows definitely that \$3 out of \$4 expended in foreign aid has gone into the economy of the United States? And then, in response to my good friend and colleague from Texas, much as this program has contributed to all segments of the economy of this country it helps enable the people of the United States to pay the taxes which has been imposed upon them.

Mr. RICHARDS. There is no doubt about it, much of the expenditure for foreign aid under this bill returns to the rank and file of the people in the United States eventually. I did not want to argue for this bill on that basis, but that is true, and you can add that to the fact that it is in the interest of the welfare and the best interests of this country.

The CHAIRMAN. The time of the gentleman from South Carolina has expired.

(On request of Mr. DONOVAN, and by unanimous consent, Mr. RICHARDS was allowed to proceed for 3 additional minutes.)

Mr. DONOVAN. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield.

Mr. DONOVAN. I do not think it has been brought out in the debate so far on this amendment, but I ask the gentleman if the records before the committee do not show that last year India alone supplied to the United States, in quantitative terms, 41 percent of all our manganese imports; 68 percent of our kyanite imports; 67 percent of our mica imports; over 95 percent of our jute-manufactures imports?

Mr. RICHARDS. I remember hearing those figures; I think they are correct; I know they are substantially correct.

Mr. DONOVAN. As long as the gentleman has yielded, I suggest that the Committee bear those facts in mind as it votes on this amendment.

Mr. RICHARDS. And I hope everyone will bear in mind these strategic materials which we need so much for our economy and which come from India.

To adopt this amendment would be to help push India behind the Iron Curtain.

Mr. WINSTEAD. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield to the gentleman from Mississippi.

Mr. WINSTEAD. Did we pay additional sums for that or did we get credit on the aid fund to pay for those supplies?

Mr. RICHARDS. There is some barter, I believe, but most of it is paid for.

Mr. WINSTEAD. Most of it is paid for?

Mr. RICHARDS. The fact is they sold most of it to us and not to the area behind the Iron Curtain.

Mr. WINSTEAD. I have a lot of respect for our chairman, but it seems to me we should work out some exchange proposition so that we get credit for some of this money in these trades that the gentleman speaks of.

Mr. RICHARDS. I think so, too, but I might mention that there are \$30 million of surplus farm commodities in this program for India.

Mr. WINSTEAD. Well, let me reply to that.



Mr. RICHARDS. I have to yield to the gentleman from Texas now.

Mr. DIES. The gentleman knows that I have a very high respect for him and a very deep affection for him. I think he is utterly honest. But the truth is if what the gentleman says is true that we need this program today, we are going to have to have it as long as the cold war exists; is that not true?

Mr. RICHARDS. We are going to have to have it as long as this House and the other body consider it necessary for the security of the United States. The same thing applies to the defense program.

Mr. DIES. The gentleman does not quite answer the question forthrightly. What I want is this: If there is sound reason for the program today, those reasons will exist until the Communist menace is disposed of?

Mr. RICHARDS. In a degree, yes. Next year it may not take but a billion dollars; some years it might not take anything, but until international communism is licked a program like this is necessary.

Mr. DIES. Why not be honest with our people? We told them in 1945 it was a temporary program. Let us tell them the truth now, that we are embarking upon a permanent program.

The CHAIRMAN. The time of the gentleman from South Carolina has expired.

Mr. CHELF. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for an additional 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

Mr. NICHOLSON. Mr. Chairman, I object.

Mr. GAVIN. Mr. Chairman, I rise in support of the pending amendment.

Mr. Chairman, I have listened very intently to the debate today and some very sound reasons have been developed here in the last few minutes in this discussion about our national debt of \$280 billion. All of us can see great merit in most of these foreign aid programs; however, no one seems to be concerned about the national debt, how it is going to be paid, the tremendous responsibility that we are passing on to generations to follow, the legacy of debt taxation and frustration we are leaving to them, the back-breaking burden of debt they will be compelled to carry for many years to come. I wonder how many in this House would vote for these foreign aid programs if there was an accompanying tax bill with the program to put it in the annual budget set up and paid for each year?

Recently I was in one of the countries in Europe and discussed some of these programs with their representatives and they said: We do not have any difficulties with various suggested programs or projects because when anybody introduces a legislation for a program or project the costs and amount of money are determined and it is then required that they introduce an accompanying tax bill to raise the money to take care of the program or project when it is being developed. He said, therefore, we

do not have any legislation introduced for projects because they are fearful of introducing legislation to increase taxes to take care of it.

Now, nobody wants to vote for legislation for increased taxes. Everybody introduces legislation to spend money. They shy away from tax legislation, as it would be politically unwise. During the war I got into a discussion on subsidies. I said, "Yes, I voted against agricultural subsidies because we did not pay for the subsidies as we went along." This occasion was right after the war. I said, "It was alright to spend the money for subsidies, but we put the payment off until a later date, adding it to our national debt." I said, "You folks have been home here, you have had good wages, the highest wages you have ever had, but you did not pay your bills as you went along the way. Now you are going to ask the boys who did the fighting to come back, take off their coats, go out and find a job, earn the money, to pay the taxes to pay for that which you have spent while you had security at home."

I said, "You were not going in at Anzio beachhead or Normandy to get your insides punched out. You were not getting blasted out of the sky from a plane. You were not chancing suffocation in a submarine at the bottom of the sea. You were home. You had security. But you did not pay your bills." And that is exactly what we are doing here today.

Now, if the Congress passed favorably on accompanying tax legislation to pay for these programs as they are presented to you here, and you took it out of your budget each year, or you brought an accompanying tax bill in for each program or project to pay for it, I wonder how many of you would vote for the tax bill to pay for it. Why, you would not have any legislation before you such as you have today. So, what are you doing? You are adding onto an overburdened debt that the generations that are to come after us will have to pay. I just wonder, if there was a tax program accompanying this \$3.5 billion security measure, how many would vote for it here today. But, you are putting it off for another day; you are adding it onto a burden that is going to break the backs of the youth of America for the next 50 to 75 years. Now, it is all right if you want to do it that way, but there are some of us who cannot quite agree with that procedure.

Now, about our President. He is a great leader. He is turning in an outstanding and a magnificent performance. We should be thankful to Almighty God that we have him at this time to direct the affairs of our Nation in a chaotic world. His vast experience in world affairs, his knowledge, and his leadership eminently qualify him to lead the Nation at this time. The people of our country have every faith and confidence in him. He has earned, and he deserves, the great respect, thanks, and hearty commendations of the people of our Nation. His great objective is to do all things for the good and welfare of all of our people, and to lead a war-torn world to stability and peace.

But occasionally we differ on our thinking on some of these matters, and therefore we, too, have our opinions to express about this \$3,500,000,000 program. You have \$8,715,000,000 authorized, but unexpended, and this will bring it up to \$12,200,000,000, and it is my thought for the time being \$8,715,000,000 should suffice. Even at \$8,715,000,000 it would take you 2 years to spend it. Why not reconsider it? Review it in another. Take the opportunity to think the matter over more carefully. But, no; you have got the pipelines to fill up; you are going to keep 3 or 4 years of spending ahead; you are going to see that this is an annual program, as it has been for the past 10 years; you are going to see that this program is going to be carried on indefinitely. And I honestly think this is the thought in the minds of many, that it is going to be part of your annual budget set-up. Foreign aid is going to be just the same in our annual budget as the judiciary and the Department of Agriculture, the Department of Defense, or any other branch of the Government. So, think it over. You are going to be the one that is recorded, and your vote will be so recognized as to how you stand and what position you take on this matter.

(Mr. GAVIN asked and was given permission to revise and extend his remarks.)

Mr. RICHARDS. Mr. Chairman, I would like to see if I cannot propound a unanimous-consent request limiting debate.

Mr. DAVIS of Georgia. Mr. Chairman, if the gentleman will yield, I have been waiting here until the members of the committee finished their debate on this bill. Some of them have had 5 minutes, some 10, and they have had all they want and are now apparently finished and want to cut some of us off who are opposed to this heavy spending program. I would like to have 5 minutes myself.

Mr. RICHARDS. Mr. Chairman, I certainly have no intention of trying to cut the gentleman off. I just want to find out how many wish to speak so that the other Members can tell where they are.

Mr. Chairman, I move that all debate on this amendment and all amendments thereto close in 20 minutes, 5 minutes of which is to be allotted to the gentleman from Georgia.

The CHAIRMAN. That cannot be done on a motion. Does the gentleman withdraw his motion?

Mr. RICHARDS. Yes, Mr. Chairman.

Mr. JARMAN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, my contribution at this point will be very brief and I shall not consume 5 minutes of time.

I have listened with interest to the gentleman from Pennsylvania [Mr. GAVIN] who spoke just a moment ago. He has spoken several times on the bill. I have been impressed with the eloquence of his remarks in opposition to the bill that is before us, as I have also been impressed with the very strong and eloquent opposition of several other Members of our body.



The thought that has struck me forcefully, Mr. Chairman, is that we all recognize that the best, the most efficacious, the most practical time in which to work out all parts of a piece of legislation is when a committee sits day after day and sometimes nights hearing witnesses and carefully working out each part of a bill to be brought to the floor of the House.

Mr. Chairman, I am surprised that some of the gentlemen who have spoken in such strong opposition to this bill have not taken the time to make an appearance before the Committee on Foreign Affairs during the 10 days in which we conducted night and day hearings. I would point out to the membership of the House that the committee heard 48 witnesses during that 10-day period and every witness who appeared before the committee testified in favor of the legislation. Not a witness appeared in opposition to the proposed legislation.

I should think that if some Members of the House felt as strongly in opposition to this proposed legislation, the mutual security program, to foreign aid in its entirety as has been expressed, that at least one of those Members would have appeared before our committee and aided us in our deliberations by presenting the views they have so eloquently presented here on the floor of the House.

Mr. RICHARDS. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 20 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. RABAUT].

Mr. RABAUT. Mr. Chairman, there have been no new arguments developed on the floor today. I say this for the benefit of new Members of the House. We have heard the same arguments here today that we have heard every year when various items of authorization or appropriation have come up on this program.

All this talk about what we are doing to succeeding generations can be answered by one simple illustration. Let us assume you had charge of a brand new baby just born into this world. You can make him a citizen of any country in the world. You select the country. Is there anybody in this room today who would select some country other than the country that lives under the glorious Stars and Stripes of America? That is your answer.

It is all very well to talk. My good friend from Pennsylvania [Mr. GAVIN]—and he is a good friend of mine—went on to say further that we have a great man leading us. I wonder when he is going to start going along with him. Here he makes a speech on the floor of this House in opposition to a bill the very idea of which comes from the President of the United States.

Mr. JOHNSON of California. Mr. Chairman, will the gentleman yield?

Mr. RABAUT. I yield to the gentleman from California.

Mr. JOHNSON of California. I think what we are doing in this bill is safeguarding the right of that baby to live.

Mr. RABAUT. Well the gentleman has his opinion, but that baby will live in security as long as we have a Congress here that will look out for this Nation and plan to preserve its Government in harmony with the liberty-loving countries of the world.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. RABAUT. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. In connection with the pending amendment I respectfully call to my colleague's attention the important fact that the one overshadowing question we should have in our minds is what is in the national interest of the United States. I have that emotional reaction to utterances made by leaders of other countries the same as my friend the gentleman from Texas [Mr. DIES], but I have to try to lift myself above that. I have to try to look a little bit into the future and see history in the making, to see what is for the national interest of my country. Sometimes we can follow that national interest through principle, sometimes we have to follow it through policy. Other times we have to follow it through expediency. But whatever it is, we should always act for the national interest of our country. I hope this amendment should not be adopted.

Mr. RABAUT. I thank the gentleman for his contribution.

(Mr. RABAUT asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The Chair recognizes the gentleman from Georgia [Mr. DAVIS].

Mr. DAVIS of Georgia. Mr. Chairman, I offer a preferential motion.

The Clerk read as follows:

Mr. DAVIS of Georgia moves that the Committee do now rise and report the bill back to the House with the recommendation that the enacting clause be stricken.

Mr. DAVIS of Georgia. Mr. Chairman, the charge has been made against a number of the supporters of this amendment that if the amendment should be adopted they would still vote against the bill. I do not support this amendment in that spirit. I have voted for these various mutual-aid bills since 1947. It is true that I have in all instances tried to hold them within what I considered to be reasonable amounts, and that is my position on this. I do hope we can reduce these figures at several places in this bill and particularly this place.

This point 4 program or so-called technical assistance program started out in 1950 to be an inexpensive program as a good-neighbor policy to help some of the undeveloped, underprivileged countries of the world, to raise their living standards.

The first amount which was suggested in 1950 for 1951 was \$16,359,000, and that is found in the hearings in 1950 for 1951. By the time it got around to the appropriations stage it had increased to \$26 million. Since that time it has been

expanding year after year just like a mushroom growing on a foggy night.

In the first year the amount which was set aside for India was \$634,000. The second year it was raised to \$5 million, the third year to \$54 million, and the fourth year it was proposed to raise it to \$77 million. We cut it that year. I offered the amendment myself to cut the \$50 million from the Asia and Pacific appropriation, and it passed by a vote of 171 to 121.

One of the committee members who is speaking against this amendment made the statement a few minutes ago that whether you call this program that is now under consideration development assistance, technical assistance, economic aid, or what not, they are all intertwined and you cannot tell one from the other. Well, that is the trouble about this kind of thing. It starts off in 1950 with a foot in the door of \$16 million and it winds up here with goodness knows what. Nobody knows at this moment just what the figures are in this bill that will go to these various programs which are really a Joseph's coat with a color for everything and a new name for a new experiment every year.

Here is one instance, and one indication of the growth and expansion of this program. On pages 434 and 435 of the hearings this year, we find a list of the countries who are getting technical aid and technical assistance under two programs—the United States program and the United Nations program. There is still another program which is called the Organization of American States, and some of these nations are getting this aid under three programs. Some of it is overlapping and the United States is contributing the taxpayers' money to everyone of the programs. In these 2 pages, there are listed, as I have mentioned, 62 of the countries which are drawing technical assistance from the two programs of the United States and the United Nations. There are 44 other countries listed on these 2 pages which are drawing aid from 1 or the other of the programs or a total of 106 countries which are drawing this so-called technical assistance all over the face of the earth, and a majority of them drawing from at least 2 programs of technical assistance.

We have heard it said here today that this program should be continued for a variety of reasons. One proponent says that we do it because it helps us in trading with these programs, and they show us a chart to show us how it helps in our trade. Maybe there is something to that chart and maybe there is not—I do not take much stock in it. Another Member says we do not do it to gain friends at all—why, that is out of the question, they say—we do not expect to gain friends. Well, then, what are we doing it for? This is costing us money and we certainly ought to hold this thing within reason. On page 13 of the bill, there is a \$200 million fund called the President's Fund for Asian Economic Development, and if we cut this \$70 million out and it turns out that there is any real need



for it, the President can take some of the money from this fund for Asian economic development which amounts to \$200 million, and use it there. I say that this amendment should be adopted, and I am in favor of it.

Mr. ZABLOCKI. Mr. Chairman, I rise in opposition to the preferential motion.

Mr. Chairman, as many of the other Members of the House, so too have I been deeply disturbed by some of the statements made by Nehru and by Krishna Menon. I am certain you will agree with me, however, that we are not concerned at this point with the question of providing something for Government officials of that, of any other nation. The program before us is intended to help the entire Indian nation—the people of that country.

Now some government officials may say some things which do not please us. Public officials may change, they may come and go. We must remember, however, that the nation always remains. In this program we are dealing with a nation—not with a couple of individualistic individuals.

Our point 4 program was instituted with the expressed purpose of enabling underdeveloped areas of the world to help themselves—to improve the well-being of their peoples with least amount of outside assistance. This program has proved sound and successful. In the case of India, that country has financed 85 percent of all the development expenditures expended within its borders. This is an impressive record.

Now one of the questions which has been asked of me is whether any part of the \$70 million which the motion under consideration wants to delete from this program, is for military assistance to India.

The answer to that question is "No." I can assure you that the funds are provided for development assistance. They are intended to aid the economy of India.

It is proposed to devote a total of \$10 million to the field of agriculture and natural resources, including \$4 million for fertilizer to meet the rising demand before the completion of additional manufacturing facilities; \$4 million for additional deep irrigation wells in the areas shown by the exploratory program to justify the drilling of production wells; and \$2 million for river valley development to assist in further expansion of irrigation.

To meet the expanding demand for power as industrial development progresses, \$5 million assistance in the construction of electric power facilities is proposed. Further support for industrial development is expected to take the form of steel in the amount of \$15 million, to help meet the shortage in India. Some part of this may be used, however, for aid to small rural industries by supplying equipment and making possible increased employment in rural areas.

Assistance in the field of transportation is proposed in the amount of \$6 million; this will support agriculture, mineral, and industrial development as well as foreign trade. This would represent a continuation of the program to rehabilitate the Indian railways. It

is planned that steel for fabrication of railway rolling stock in India and equipment to expand freight-car fabrication in India will be supplied.

Four million dollars is to be used to further extend the area of malaria control during fiscal year 1956.

Let us remember that there are some 375 million people living in India. Many of the basic needs and wants of those people are not satisfied because the economy of that country is not fully developed. Unless outside assistance is secured to aid in the development of the economic potential of India, the present unsatisfactory conditions may be perpetuated and lead to some very disturbing and unwelcome events.

I am certain that many of us will recall the charges made during the past two campaigns—charges which were unfounded—to the effect that the former administrations have allowed many once-free peoples to be drawn behind the Iron Curtain and behind the Bamboo Curtain. When we vote on this amendment, we ought to remember that we may be placing upon our shoulders the responsibility of someday answering the question whether our votes helped to drive 375 million peoples into the Communist fold. I earnestly hope that the opportunity of asking that question will never arise. I am certain that no one would like to see India, a large and important nation which has a tremendous potential, fall under Communist influence.

The fact remains, however, that India does need outside assistance to develop her potential. This is a fact which we must face squarely and honestly.

Now a word more about Mr. Nehru.

On two occasions during the last Congress, I participated in special study missions to the Far East, and our subcommittee had an opportunity to confer with Nehru. Although Mr. Nehru at times leaves people with the impression that he does not fully appreciate all the ramifications of the international Communist movement, I am certain that we will all agree that he has a pretty definite and thorough understanding of the threat of domestic communism. His actions in this regard frequently speak louder than his words. His words at times appear to be intended strictly for domestic consumption. Maybe that is why they sound a bit strange to many of us.

There is a final point that I would like to make. India, as we all know, is located near the borders of Communist China. The Chinese Reds, with the help of the Soviet Union, have been trying to make an Asiatic showcase out of the mainland of China. They are reportedly undertaking many projects to develop the economy of that nation. They want to show the rest of Asia that communism brings ample material rewards to its followers.

Before voting on the amendment before us, let us pause for a moment and consider this situation. The \$70 million of development assistance which is at stake can help India to improve its economy and to remain a democratic country—even though she may choose to re-

main a neutral democratic country. Without the assistance, the Indian nation may face a much rougher going in the days that lie ahead.

Needless to say, many eyes in Asia are focussed on India and on Red China. If the Indian economy should falter badly, while Red China is making some material progress, what conclusions will the onlookers reach? It seems to me that many of them may be tempted to believe that Communist China may be following the right kind of a philosophy because its philosophy—at least on the surface—appears to pay off in material betterment. Let me assure you, there are very few things which appeal more to the needy, the underprivileged, than a promise of attainable material progress.

In voting on this amendment, we could very well decide whether India or Communist China will become the symbol of a successful nation to the other peoples of Asia. For that reason, and even though many of us may be displeased with some of the remarks of India's leaders, I think that it behooves us not to discontinue a program that has proven successful thus far.

The CHAIRMAN. The time of the gentleman from Wisconsin [Mr. ZABLOCKI] has expired.

The question is on the preferential motion offered by the gentleman from Georgia [Mr. DAVIS].

The motion was rejected.

The CHAIRMAN. The Chair recognizes the gentleman from Missouri [Mr. JONES].

(Mr. JONES of Missouri asked and was given permission to revise and extend his remarks.)

Mr. JONES of Missouri. Mr. Chairman, I wish many of the Members could have been with me last Sunday. A committee from the Committee on Agriculture was down in the small farm area of the great State of Texas, and we visited with many farmers there who were having a most difficult time getting by, due to the acreage reductions, and the fact that they were faced by this same administration setting a policy of cutting down the income of the American farmer, the small farmer, at the same time they were advocating the spending of money to improve conditions in foreign countries to put in irrigation, to buy fertilizer, to provide technical assistance to produce more crops of the same kind of which we now have a surplus. That does not make sense to me.

Like the gentleman from Georgia [Mr. DAVIS], I have gone along and voted for mutual aid and the foreign-aid program. I believe in brotherly love. I believe in charity. I believe in helping people who need help. I believe in trying to strengthen the people who will be our allies. But in this particular instance, and the reason I am supporting this amendment, I have no assurance that the people we are endeavoring to support and whose economy we are trying to increase at this time are going to be on our side. The chairman of the Committee on Foreign Affairs has admitted that the people who speak for India at this time at least are not speaking in very complimentary terms of the United



States, but on the other hand have shown an inclination to go with our potential enemy.

We have this situation facing us: Do we want to go ahead and increase the surpluses we are now trying to get rid of? We know the economy of those farmers I met last Sunday with other members of our committee, we know that until we get rid of these surpluses through export we are not going to solve their problem. We know this production we are striving to bring about through this \$70 million we propose to cut out by this amendment, will be in direct competition with the products of our farmers and make it more difficult for our farmers to come back.

I went along with this program on the theory that it was going to be reduced. I voted for it and I expect to continue to vote for foreign aid. I do not admit to the charge that I am here trying to wreck this bill. I say I am trying to improve this bill, trying to be realistic, trying to do something that will help the economy not only of the whole world but also of this country and particularly the economy of the small farmers here in America.

The CHAIRMAN. The gentleman from Mississippi [Mr. WINSTEAD] is recognized.

Mr. WINSTEAD. Mr. Chairman, reference has been made a number of times to the expenditure of the Military Establishment of this country. I happen to be a member of the Armed Services Committee. I can assure this House that it is so involved and so expensive and spread out so far that I doubt if there is any member of our committee or anybody in this country who is familiar with all the projects we have under the defense program.

We have not discussed all of it. Following this bill we will have the Reserve bill calling for 2,900,000 reservists for our Military Establishment.

I say that if we did not have more than \$8 billion of unexpended appropriations money for this program I would feel differently about the bill before us today. I supported the original Marshall plan. When it was originally presented to us we were told it would taper off after a few years. Secretary Wilson and Admiral Radford appeared before the Armed Services Committee and testified that they assumed we were now trying to have a leveling-off period in our military expenditures based on what they call the new look and the long haul; and they testified that as far as they could see in the foreseeable future for 10 to 50 years this is as near normal as we could expect expenditures of the Military Establishment to be. I think the President of the United States also had something to say to that effect.

The point I make here is that if we expect to remain strong and stay out of war, or win a war in case a war is thrust upon us, we must spend enormous sums on our own military program.

I would not attempt to take in some of these countries in working out a loan program. It is my opinion that any country that would receive these grants-in-aid over a period of years will lose

self-respect. That is one of the reasons we have lost friends throughout the world. I admit I do not know much about them, but I know the story they put before my committee and your Committee on Foreign Affairs; they tell us they must have all this money, that you cannot reduce it. I have heard that argument these several years. There have been many times when they said that if you cut this a million dollars it would wreck the program; yet, as a matter of fact, they have not even spent the money that was allotted to them, but have carried over unobligated appropriations every year.

I say we could send this bill back to committee and still have ample time to bring out a better one. I think it will strengthen the hands of the President of the United States and our leaders in the State Department if they can tell these countries that Congress is about to rebel because of the size of our national debt and the heavy burden of taxation laid on our people.

(Mr. WINSTEAD asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. FULTON].

Mr. FULTON. Mr. Chairman, we must remember that on this amendment we would be voting a strong stand against the people of India if the amendment is adopted. If we single out any one free country in this legislation because of its leader's statements that we do not agree with on policy, and vote against assisting the friendly people of that nation, we have a good chance of turning the weight of a strategic free people against us. Therefore, we in the United States in our efforts for freedom and security in this world, and among the free countries of the world, want to sustain the free people of India as those people are our friends. We must remember that the Indian Government under Prime Minister Nehru is a democratic government, although not of our type. We should also remember that the Government of India is making great progress in the Far East, and is maintaining peace, order, and stability within India. The Indian people are solidly behind their government, so that India today is a stable democratic country, and has withstood internal discord and civil disruption through a system of free elections and popular government.

The other point I want to mention is this: The former Speaker of the House on this floor has said that the passage of this bill is a measure of support of the President of the United States as he goes to the meeting at the coming Power Conference at the Summit in July. Of course, it is a measure of support of the President because it means if we do not back the President on his military policy abroad under this legislation we will be saying to the President and to every country in the world: The United States is withdrawing into the fortress of America, giving up its foreign bases and withdrawing from world participation in the defense of the free world. This

would be a great encouragement to further aggression in many parts of the world where free peoples are threatened.

I shall vote for this bill because it is for the security of the United States of America and because it is backing President Eisenhower, and the security policy of this administration. Likewise it is backing the same security policy recommended by former President Truman and his administration, and also backing the Republican and the Democratic platforms, each of which have solidly endorsed this defense legislation.

Mr. HAYS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield to the gentleman from Ohio.

Mr. HAYS of Ohio. I just want to point out that the amendment if passed will not help the small farmers; \$30 million of this money is for the purchase of surplus agricultural commodities; therefore, if we pass this amendment and strike it out, it will do away with the \$30 million we are going to spend for surplus agricultural commodities.

Mr. FULTON. If this Congress does not follow Eisenhower and the Republican and Democratic Parties on United States world strategy in defending this country, who are we going to follow? Who do these people in opposition want us to follow so far as strategy is concerned? The United States Congress has authorized this type of defense program since 1947, has developed it through the years. Some people say the program has gone far enough, and no further military commitments should be made to our allies and friendly countries in the free world. I do not believe we have a safe world yet, but when we are at the peak of United States and free world strength, this is not the time to quit the program entirely and stop the President in his strategic planning for United States defense. We in Congress should not say to the President that when you go abroad in the next several weeks there is going to be a lot of opposition to you and your position that you will take to the Four Power Conference. We should uphold President Eisenhower's hand with strength.

The CHAIRMAN. The Chair recognizes the gentleman from South Carolina [Mr. RICHARDS].

Mr. RICHARDS. Mr. Chairman, I yield to the gentleman from Georgia [Mr. DAVIS].

Mr. DAVIS of Georgia. Mr. Chairman, I appreciate very much the consideration of the gentleman from South Carolina, and will use the time for this purpose: It has been said here, as I recall, by one of the proponents of this \$70 million figure: What does it matter what Nehru says about India's position. The people of India are the ones that we are looking to.

Well, now, the truth of the business is that the people in India do not know what this is all about, they do not know what is going on. I want to read from the hearings, pages 517 and 518.

Mr. WILLIAMS of Mississippi. Mr. Chairman, will the gentleman yield?

Mr. DAVIS of Georgia. I yield to the gentleman from Mississippi.



Mr. WILLIAMS of Mississippi. I would like for the chairman of the Committee on Foreign Affairs to tell us, if Mr. Nehru and Mr. Menon do not have a right to speak for the people of India, who does have the right to speak with authority for those people?

Mr. DAVIS of Georgia. They are speaking for the people of India.

Ambassador Bowles had this to say. He was before the committee and was being questioned about the Indian people and what they know about this, and he said in answer to a question:

I do not think down in the villages they are aware of the stand that Nehru is taking with Red China.

That is on page 518. Then the question was asked:

They do not even know that he is endeavoring to admit Red China into the United Nations or anything like that?

He said:

I do not think the average villager in the back country has ever heard of the United Nations. Once I went into an area on the west coast of India with my wife in a small boat—just the two of us. My wife could speak the language, and thus we could get along. They had never heard of an American Ambassador.

Now, with all the millions of dollars that we have been sending over there, in the back country they do not know what Nehru is doing about the admission of Red China. They do not know even, as Mr. Bowles said, that there is an American Ambassador over there.

Now, on page 126 of the hearings I will read you some more that was said about the impression that we made on India with these millions of dollars that we have given them. The gentleman from Minnesota [Mr. Judd], was doing the talking. He said:

Last year I asked about Mr. Deshmukh's comment to us. The only thing in our technical assistance for which he had a favorable word was that he thought the student exchange program might have some benefit. He didn't have another single word in favor of our technical assistance.

Now, that is what the gentleman from Minnesota said on page 126 of these hearings. So, the truth of the business is we are not getting credit from the people of India for what we have been doing for them. We will not get it for the money carried in this bill, and Nehru and the other leaders are speaking for India.

Now, I called the Treasury Department yesterday and found that we have given away since 1945 \$50,026,000,000. There ought to be a halt to it somewhere, and here is the place where I think we can safely reduce this bill by \$70 million.

The CHAIRMAN. All time has expired.

Mr. LECOMPTE. Mr. Chairman, I ask unanimous consent that the amendment be again read.

The CHAIRMAN. Is there objection to the request of the gentleman from Iowa?

There was no objection.

The Clerk again reported the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Indiana [Mr. ADAIR].

The question was taken; and the Chair being in doubt, the committee divided and there were—ayes 59, noes 104.

So the amendment was rejected.

Mr. WILLIAMS of Mississippi. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I am sorry I did not have an opportunity during the debate on the preceding amendment to read what I am going to read to the House now. But, for the benefit of Members of the House, particularly those from the cotton-producing States where acreage is being controlled, where the production of cotton in the United States is being limited, I want to read some excerpts from a report of the Committee on Agriculture and Forestry of the other body under the chairmanship of the senior Senator from my State. This report is dated April 25 of this year and was written following rather extensive subcommittee hearings on the subject of cotton surpluses in the United States, and on ways and means of getting rid of our cotton surpluses.

This report attributes our buildup of cotton surpluses to several things, not the least of which they state to be increased foreign production of cotton. I read from this report:

Foreign countries, with suitable climatic and soils conditions for the production of cotton, and in need of an exportable commodity to provide them with needed exchange or barter in world markets, turned to cotton as a safe commodity to produce, because our fixed cotton-producing policy guaranteed them a market for their full production at profitable prices.

The committee goes further and says:

In several instances part of the expansion has been carried out with private American capital and with United States Government-financed technical assistance. In addition to the technical assistance the United States Government, through gifts, grants, and loans for economic developments, including irrigation facilities, equipment, etc., has actively and materially assisted the expansion of existing cotton-growing areas and the creation of new such areas in foreign lands.

Now listen to this. This is an official report of a committee of the other body and I quote further:

In fact, our Government is largely responsible for the increased foreign production.

Let us take the country of India. The figures show that the 5-year average plantings for the United States, from 1945 to 1949, in cotton, was 21,258,000 acres. Our 5-year average from 1950 through 1954 was 22,848,000 acres. Now what about India? India planted, during the 5-year period from 1945 to 1949, 11,306,000 acres, but they went up to 16,526,000 acres during the last 5-year period.

Who financed the planting of those new 5 million acres of cotton in India? We did, of course, with our tax money,

we even taxed the American cotton farmers to help do it. Sometimes I just wonder if members of our Committee on Foreign Affairs give any thought to the welfare of the American farmer when they think about subsidizing the production of cotton in other countries, and as a result glut the world market and make it necessary for us to curtail the production of our farm commodities at home.

Mr. BURLESON. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMS of Mississippi. I yield to the gentleman from Texas.

Mr. BURLESON. In the first place, I might remind the gentleman I do not entirely disagree with him and I do not take issue with the gentleman from Missouri [Mr. JONES] in what he said, because I have said before the committee for 5 years that we should be, over the long range, developing industrial products in many of these countries and trading our agricultural products to them for those products. It is that simple. So I agree with a great deal of what the gentleman has said and what the gentleman from Missouri has said.

However, let me remind the gentleman that when he talks about those cotton-producing areas, the cotton he is talking about in India and a great many other places is competing with Egyptian cotton; it is competing with cotton in Ethiopia and a great many other places—and some, I will admit, in the State of California and some in Texas, but not a great deal. The cotton from the gentleman's part of the country is the short-staple cotton. This is long-staple cotton, and it is used for an entirely different purpose. Therefore it is not in direct competition. If the gentleman would make that distinction in the thesis he assumes I would agree with him.

Mr. WILLIAMS of Mississippi. I was quoting as my authority a report of a Senate subcommittee, and that subcommittee did not take the same slant that the gentleman has just mentioned. Perhaps he would like to take issue with the Senate subcommittee report. I cannot agree with my friend from Texas.

Mr. RICHARDS. Mr. Chairman, I move that the Committee do now rise. The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. COOPER, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (S. 2090) to amend the Mutual Security Act of 1954, and for other purposes, had come to no resolution thereon.

#### COMMITTEE OF ESCORT

The SPEAKER. The Chair appoints as the committee to escort our distinguished guest into the Chamber the gentleman from Massachusetts [Mr. McCORMACK], the gentleman from Massachusetts [Mr. MARTIN], the gentleman from South Carolina [Mr. RICHARDS], and the gentleman from Illinois [Mr. CHIPERFIELD].



## RECESS

The SPEAKER. The Chair declares a recess subject to the call of the Chair. Accordingly (at 2 o'clock and 48 minutes p. m.) the House stood in recess subject to the call of the Chair.

## VISIT TO THE HOUSE OF REPRESENTATIVES OF HON. U NU, PRIME MINISTER OF BURMA

During the recess the following occurred:

The Doorkeeper announced the Honorable U Nu, Prime Minister of Burma.

The Prime Minister of Burma, escorted by the Committee of Representatives, entered the hall of the House of Representatives and stood at the Clerk's desk. [Applause, the Members rising.]

The SPEAKER. Members of the House of Representatives, it is my great pleasure, and I deem it a high privilege, to present our guest today, the head of a Government composed of proud people, a parliamentary Government, a friend of the United States of America, the Prime Minister of Burma. [Applause, the Members rising.]

The PRIME MINISTER. Mr. Speaker and Members of the House of Representatives, I have just had the pleasure of talking briefly with your colleagues in the Senate. As you know, we also have a bicameral legislature in Burma; but we adopted the parliamentary system of government, so that one of my duties as Prime Minister is to serve as leader of the majority party in our Chamber of Deputies. So it is a special pleasure to stand here before the sister branch of the United States Government.

I can tell your renowned Speaker that his reputation as a parliamentarian has been known to me for many years, and I must confess that I am pleased that our majority in the Chamber of Deputies is somewhat more substantial than his.

I promise you that my remarks will be far more brief than they normally are before the Chamber in Rangoon, but there is one thing that I should like to mention because it makes me feel very close to the United States. It is this: In the very early days of our respective histories as independent nations, even under the greatest stress, we both maintained our faith in the democratic system and in democratic institutions.

Like most fighters for independence, I studied the history of the American Revolution and draw sustenance from it. Therefore I am aware that in the darkest days of your revolution there were voices raised to advise you to forsake, for the time being at least, the methods of democracy in favor of some strong authority. But the founders of your country did not yield their faith. They dealt with the fearful, the apathetic, and even with the traitors, according to democratic principles.

As you know, our new democracy in Burma was seriously threatened by subversive revolt almost as soon as it was born. Communists and anti-Communists, both inspired from abroad, took up arms against our Government. For a while it looked as though all was lost.

Like your revolutionary leaders, we were advised to abandon the principles of democracy in favor of strong-arm methods. But I am proud to say that we kept faith and stuck to the methods of democracy. We also treated the fearful, the apathetic, and even the traitors, according to democratic principles.

The history and experience of the founders of your country, Mr. Speaker, helped us to keep the faith during the darkest hours. For this, we shall always be grateful to the United States of America.

[Applause, the Members rising.]

The SPEAKER. Those who so desire may come up and greet the Prime Minister.

The Prime Minister of Burma stood in the well of the House and received Members of the House of Representatives.

## AFTER RECESS

The recess having expired at 3 o'clock and 12 minutes p. m., the House was called to order by the Speaker.

The SPEAKER. The Chair recognizes the gentleman from Missouri [Mr. CANNON].

## TEMPORARY APPROPRIATIONS, 1956

Mr. CANNON. Mr. Speaker, I ask unanimous consent for the immediate consideration of the resolution (H. J. Res. 366) making temporary appropriations for the fiscal year 1956, providing for increased pay costs for the fiscal year 1955, and for other purposes.

The Clerk read the title of the resolution.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

Mr. TABER. Mr. Speaker, reserving the right to object, this is the usual resolution that comes in every year when we have bills that have not been passed by both Houses or where conference reports have not been adopted. It also has a provision in it providing for pay increases that this Congress has passed. I will ask the gentleman from Missouri if there is anything else in the resolution.

Mr. CANNON. The gentleman from New York has very accurately outlined the situation.

This is the usual stereotyped resolution resorted to when supply bills have not been enacted by the end of the fiscal year and departments are without funds pending action by the Congress.

In all instances we provide for the lesser rate in House and Senate bills. No provision is made for new activities. The money is to be taken out of the eventual appropriation when it becomes available. Items not yet in any bill are provided for at the rate of the budget estimate or the current rate, whichever is lower. And the resolution expires on July 31 or on enactment of the annual bill.

Title II provides for retroactive increased pay for 1955 for the period extending from March 1 to June 30, inclusive. Provision is indefinite for additional needs but cannot exceed the cost

of additional pay. Of course, provision is made for reports to Congress.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

The Clerk read the joint resolution, as follows:

*Resolved, etc.,* That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, and out of applicable corporate or other revenues, receipts, and funds, for the several departments, agencies, corporations, and other organizational units in each branch of the Government, namely:

## TITLE I—TEMPORARY APPROPRIATIONS

(a) (1) Such amounts as may be necessary (plus increased pay costs pursuant to law) for continuing projects or activities which were conducted in the fiscal year 1955, and for which appropriations, funds, or other authority would be made available in the following appropriation acts for the fiscal year 1956:

Departments of Labor, and Health, Education, and Welfare, and related agencies Appropriation Act;

Departments of State and Justice, the Judiciary, and related agencies Appropriation Act;

Department of Defense Appropriation Act; District of Columbia Appropriation Act; Public Works Appropriation Act;

(2) Appropriations made by this subsection shall be available to the extent and in the manner which would be provided for by the pertinent appropriation act.

(3) Whenever the amount which would be made available or the authority which would be granted under an act listed in this subsection as passed by the House is different from that which would be made available or granted under such act as passed by the Senate, the pertinent project or activity shall be continued under the lesser amount or the more restrictive authority.

(4) Whenever an act listed in this subsection has been passed by only one House or where an item is included in only one version of an Act as passed by both Houses, the pertinent project or activity shall be continued under the appropriation, funds, or authority granted by the one House, but at a rate for operations not exceeding the current rate or the rate permitted by the action of the one House, whichever is lower.

(b) Such amounts as may be necessary for continuing projects or activities which were conducted in the fiscal year 1955 and listed in this subsection (1) at a rate for operations not in excess of the current rate or the rate provided for in the budget estimate, whichever is lower, plus increased pay costs pursuant to law, or (2) in the amount or at the rate specified herein:

Legislative branch;

Funds appropriated to the President, Emergency fund for international affairs;

President's Commission on Veterans Pensions;

Export-Import Bank of Washington;

Small Business Administration;

Federal Civil Defense Administration, Civil defense functions of Federal agencies (Department of Health, Education, and Welfare functions only);

Department of Agriculture, Agricultural conservation program service (wind-erosion control);

Department of Defense, Government and relief in occupied areas;

Department of the Interior, Bureau of Mines, Conservation and development of mineral resources (Rifle, Colorado); Fish and Wildlife Service, Investigation of resources (International Convention for High Seas Fisheries);



Mutual Security programs, \$200,000,000, to be expended in accord with provisions of law applicable to such programs during the fiscal year 1955 and at a rate for any individual program not in excess of the current rate therefor: *Provided*, That administrative expenses for such programs shall not exceed the current rate.

SEC. 102. Appropriations and funds made available and authority granted pursuant to this title shall remain available until (a) enactment into law of an appropriation for any project or activity provided for in this title, or (b) enactment of the applicable appropriation act by both Houses without any provisions for such project or activity, or (c) July 31, 1955, whichever first occurs.

SEC. 103. Appropriations and funds made available and authority granted pursuant to this title may be used without regard to the time limitations set forth in subsection (d) (2) of section 3679, Revised Statutes, and expenditures, therefrom shall be charged to the applicable appropriation, fund, or authorization whenever a bill in which such applicable appropriation, fund, or authorization is contained is enacted into law.

SEC. 104. No appropriation or fund made available or authority granted pursuant to this title shall be used to initiate or resume any project or activity which was not being conducted during the fiscal year 1955. Appropriations made and authority granted pursuant to this title shall cover all obligations or expenditures incurred for any project or activity during the period for which funds or authority for such project or activity are available under this title.

#### TITLE II—INCREASED PAY COSTS

For costs in the fiscal year 1955 of pay increases granted by or pursuant to Public Laws 68 and 94, Eighty-fourth Congress, for any branch of the Federal Government or the municipal government of the District of Columbia, such amounts as may be necessary, to be determined and made available as hereinafter provided in this title, but no appropriation, fund, or authorization may be increased pursuant to the provisions of this title in an amount in excess of the cost to such appropriation, fund, or authorization of increased compensation pursuant to Public Laws 68 and 94, Eighty-fourth Congress.

SEC. 202. Any officer having administrative control of an appropriation, fund, or authorization properly chargeable with the costs in the fiscal year 1955 of pay increases granted by or pursuant to Public Laws 68 and 94, Eighty-fourth Congress, is authorized to transfer thereto, from the unobligated balance of any other appropriation, fund, or authorization under his administrative control and expiring for obligation on June 30, 1955, such amounts as may be necessary for meeting such costs.

SEC. 203. Whenever any officer referred to in section 202 of this title shall determine that he has exhausted the possibilities of meeting the cost of pay increases through the use of transfers as authorized by said section, he shall certify the additional amount required to meet such costs for each appropriation, fund, or authorization under his administrative control, and the amounts so certified shall be added to the pertinent appropriation, fund, or authorization for the fiscal year 1955: *Provided*, That any transfer under the authority of section 202 or any certification made under the authority of this section by an officer in or under the executive branch of the Federal Government shall be valid only when approved by the Director of the Bureau of the Budget.

SEC. 204. For the purposes of the transfers and certifications authorized by sections 202 and 203 of this title, the following officers shall be deemed to have administrative control of appropriations, funds, or authorizations available within their respective organizational units—

(a) For the legislative branch:  
The Clerk of the House;  
The Secretary of the Senate;  
The Librarian of Congress;  
The Architect of the Capitol;  
The Public Printer;  
The Comptroller General of the United States;

The Chairman of any commission in or under the legislative branch.

(b) For the judiciary:  
The Administrative Officer of the United States Courts.

(c) For the executive branch:  
The head of each department, agency, or corporation in or under the executive branch.

(d) For the municipal government of the District of Columbia:

The Board of Commissioners of the District of Columbia.

SEC. 205. Obligations or expenditures incurred for costs in the fiscal year 1955 of pay increases granted by or pursuant to Public Laws 68 and 94, 84th Congress, shall not be regarded or reported as violations of section 3679 of the Revised Statutes, as amended (31 U. S. C. 665).

SEC. 206. (a) Amounts made available by this title shall be derived from the same source as the appropriation, fund, or authorization to which such amounts are added.

(b) Appropriations made by, and transfers made pursuant to, this title shall be recorded on the books of the Government as of June 30, 1955: *Provided*, That no appropriation made by this title shall be warranted, and no transfer authorized by this title shall be made, after August 15, 1955.

(c) A complete report of the appropriations and transfers made by or pursuant to this title shall be made, not later than September 15, 1955, by the officers described in section 204, to the Director of the Bureau of the Budget, who shall compile and transmit to the Congress a consolidated report not later than October 15, 1955.

Mr. CANNON. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CANNON as a committee amendment: On page 2, strike out lines 13 and 14.

Mr. CANNON. Mr. Speaker, this amendment is made necessary by agreement today in both the House and the Senate on the conference reports on the Department of Defense Appropriation Act and the District of Columbia Appropriation Act. The resolution is no longer applicable to these bills and reference to them should be eliminated. I ask for a vote on the amendment.

The SPEAKER. The question is on the committee amendment.

The committee amendment was agreed to.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

#### LEGISLATIVE BRANCH APPROPRIATION BILL, 1956

Mr. NORRELL, from the Committee on Appropriations, reported the bill (H. R. 7117), making appropriations for the legislative branch for the fiscal year ending June 30, 1956, and for other purposes (Rept. No. 1036), which was read a first and second time, and, with the accompanying papers, referred to the

Committee of the Whole House on the State of the Union and ordered to be printed.

Mr. HORAN reserved all points of order on the bill.

#### DIVERSION OF WATER FROM LAKE MICHIGAN

Mr. MADDEN, from the Committee on Rules, reported the following privileged resolution (H. Res. 293, Rept. No. 1037), which was referred to the House Calendar and ordered to be printed.

*Resolved*, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 3210) to authorize the State of Illinois and the Sanitary District of Chicago, under the direction of the Secretary of the Army, to test, on a 3-year basis, the effect of increasing the diversion of water from Lake Michigan into the Illinois Waterway, and for other purposes. After general debate, which shall be confined to the bill, and shall continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Public Works, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto for final passage without intervening motion except one motion to recommit.

#### PRINTING OF PROCEEDINGS DURING RECESS

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that the proceedings that took place during the recess may be printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

#### FREE IMPORTATION OF PERSONAL AND HOUSEHOLD EFFECTS BROUGHT IN UNDER GOVERNMENT ORDERS

Mr. COOPER. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 5560) relating to the free importation of personal and household effects brought into the United States under Government orders, and for other purposes, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 2, strike out lines 13 and 14 and insert:

"(b) The amendment made by subsection (a) shall be effective with respect to articles entered for consumption or withdrawn from warehouse for consumption on or after July 1, 1955, and before July 1, 1958."

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.



(Mr. COOPER asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. COOPER. Mr. Speaker, when H. R. 5560 passed the House it provided permanent authority for the duty-free importation of personal and household effects brought into the United States under Government orders. I explained the provisions of this bill in my remarks, on June 23, 1955, when it was considered by the House.

Briefly, this legislation has been in effect on a temporary basis since 1942, and under present law it is scheduled to expire today. The Department of Defense requested that the legislation be made permanent.

In making this authority permanent, our committee adopted an amendment which limited the duty-free privilege, under regulations to be prescribed by the Treasury Department, to persons in the service of the United States who return to this country upon the termination of an assignment of extended duty outside the country. The committee also was advised by the Treasury Department that in the administration of this law, the Department would ordinarily limit importations of liquor and tobacco products to the amount which may now be imported duty-free by returning United States residents who have made a trip abroad.

The only amendment adopted by the Senate is to make the House bill effective for a period of 3 years, instead of its becoming permanent legislation as passed by the House.

(Mr. JENKINS asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. JENKINS. Mr. Speaker, I wish to state that the matter to which the gentleman from Tennessee [Mr. COOPER] has referred has met the unanimous approval of the members of the Ways and Means Committee. It is a matter of some urgency and should be approved by the House today.

The Senate amendment was concurred in, and a motion to reconsider was laid on the table.

#### MUTUAL SECURITY ACT OF 1955

Mr. RICHARDS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (S. 2090) to amend the Mutual Security Act of 1954, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill, S. 2090, with Mr. COOPER in the chair.

The Clerk read the title of the bill.

Mr. BYRNES of Wisconsin. Mr. Chairman, I move to strike out the last word.

Mr. RICHARDS. Mr. Chairman, will the gentleman yield?

Mr. BYRNES of Wisconsin. I yield to the gentleman.

Mr. RICHARDS. I ask unanimous consent that debate on this section close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from South Carolina?

Mrs. CHURCH. Mr. Chairman, reserving the right to object, may I ask the chairman whether he is referring to section 6 or section 7.

Mr. RICHARDS. Section 6.

Mrs. CHURCH. Mr. Chairman, I withdraw my reservation of objection. I wish to speak on section 7.

The CHAIRMAN. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. BYRNES of Wisconsin. Mr. Chairman, it is not my intention to take all of 5 minutes. I rise, however, to seek certain information that I was not able to find either in the majority or the minority report on this bill. It relates to the matter of unexpended balances.

I wonder if the chairman could advise me, or some other member of the committee could advise me, whether there is any breakdown of the unobligated balances.

I think the chairman of the committee will recall that last year when we considered the mutual security appropriation bill a considerable point was made by the Committee on Appropriations as to the bookkeeping of this agency and the inability to determine what funds were obligated and what were not. At that time we were advised that the Comptroller was going to go into a thorough study of the bookkeeping and general operation of these funds. I am wondering now if the chairman as the result of the work of the past year is able to tell us what the status is of this \$8 billion that is listed as unexpended. What part of that is unobligated?

Mr. RICHARDS. I would say to the gentleman that I agree with his dissatisfaction with regard to the bookkeeping. I think there has been some improvement. The latest overall unexpended balance we have is \$8,717,000,000, that is the latest and best figure we can get. In the report on page 11 is a breakdown of the unexpended balance of military funds as near as we could get this information when the report was written.

Mr. BYRNES of Wisconsin. Do I correctly understand from the chairman that this unexpended balance is also unobligated?

Mr. RICHARDS. No.

Mr. BYRNES of Wisconsin. That is the point I am trying to make. I was wondering what part of that is obligated and what part of it is unobligated.

Mr. RICHARDS. It has been variously estimated. The best figure we could get at first was that it was \$200 million. The best figure we can get now is that it is \$670 million.

Mr. BYRNES of Wisconsin. It is all obligated except \$600 million?

Mr. RICHARDS. That is right. That is the difference between the two.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. BYRNES of Wisconsin. I yield to the gentleman from Minnesota.

Mr. JUDD. Is it not true that at the beginning of our hearing those in charge

of this program said they thought they were going to be able to get all but \$100 million obligated before June 30. But later they said that in order to meet the requirements of certain amendments in the appropriation bill they could not make the target without being reckless in their making of obligations. They said the unobligated amount might be \$600 million. They told us this frankly. We asked them not to go ahead and obligate funds for programs they were not absolutely sure of. They had general plans for those programs but they were not sufficiently firm so they could nail them down in a contract.

Mr. BYRNES of Wisconsin. I do not think it is to their credit that they necessarily have it all obligated. I believe last year one of the criticisms that was made was that in the last month of the fiscal year they tried to get everything obligated they possibly could in order to make it look as though there was not any carryover this Congress could work its will on.

Mr. RICHARDS. That is right.

Mr. JUDD. I agree. The gentleman will recall that in order to avoid improper last-minute obligations, we put an amendment in the bill last year that not more than 25 percent could be obligated in the last 2 months of the fiscal year. They played it straight with us this year, I think.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. BYRNES of Wisconsin. I yield to the gentleman from Ohio.

Mr. VORYS. I have been informed in the last few minutes that the amount of unobligated funds is not \$600-some-odd millions but has been reduced to about \$200 million, because the Bureau of the Budget has within the last day or so apportioned to defense the \$420 million which they had been holding, and that will be reserved for defense.

(Mr. JENSEN asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. JENSEN. Mr. Chairman, for the third day I have listened with great interest to the debate on this foreign-aid bill now before the House.

I have read the bill and the report which accompanies the bill and which explains the committee's action.

While I favor the expenditure of funds for some of the items for this bill which totals \$3,285,800,000, I must express my opposition to the giving of our taxpayers dollars to such countries as India and Yugoslavia, because certainly the rulers of those countries have shown very little if any signs for many, many years, that they believe in us, or in our American way of doing things. Truth is they have shown too often by their words and deeds that they believe in the exact opposite. While the amounts requested in this bill for these countries are small comparatively speaking, still I have strong misgivings in further attempts to buy their friendship with American dollars.

Also, Mr. Chairman, there remains in the FOA coffers unexpended, approximately \$8 billion from previously appropriated funds, of course they claim that all but \$600 million plus is unobli-



gated. Before I vote for this additional amount for FOA, I want to know a lot more about this huge unexpended balance which Congress has previously appropriated. Being a member of the Appropriations Committee, I feel it my special and plain duty to look carefully into this huge unexpended balance and some other items in the bill which I believe should be drastically reduced. Hence, I cannot conscientiously vote for this bill in its present form. If, however, the Appropriations Committee reduces the request for a number of items in this authorization bill now being considered, to what I believe is a reasonable and justified amount, I may then support the expenditure of such funds. We shall see in about 10 days exactly what the Appropriations Committee recommends.

Now Mr. Chairman, I yield to no man in my heartfelt desire to help suffering humanity across the seas to the degree of our United States taxpayers can afford. The American people are big hearted but there is a limit to what they can afford. If we spend ourselves broke then we can help none of our friends across the seas, let alone our own needy, numbering millions.

With my own eyes I have seen during my travels around the world, how very grateful the people were of many nations to whom we have furnished food, clothing, medicine, doctors, and nurses; I favor such contributions to sick, hungry, destitute people, it is by such gift we make real friends across the seas, and in the same category I would include our aid to the refugees who escaped from under the Iron Curtain, and to those thousands of poor souls who were driven from their homelands during and since World War II. I favor the full amounts requested in this bill for such aid to suffering humanity across the seas, but I must reserve on many other items in this bill.

The Clerk read as follows:

SEC. 7. Title III of the Mutual Security Act of 1954, which relates to technical cooperation, is amended as follows:

(a) In section 304, which relates to authorization, insert "(a)" before the first sentence and add the following new subsection:

"(b) Duties of Commission: In conformity proposed to the President for the fiscal year 1956 not to exceed \$146,500,000 for technical cooperation programs in the Near East and Africa, Asia and Latin America."

(b) In section 306, which relates to multilateral technical cooperation:

(1) Insert the following before the semicolon at the end of paragraph (a): "; in addition, \$24,000,000 for the fiscal year 1956 for contributions to the United Nations Expanded Program of Technical Assistance."

(2) Insert the following before the period at the end of paragraph (b): "; in addition, \$1,500,000 for the fiscal year 1956 for contributions to the technical cooperation programs of the Organization of American States."

(c) In section 308, which relates to the International Development Advisory Board, insert ", or at the applicable rate prescribed in the Standardized Government Travel Regulations, as amended from time to time, whichever is higher," after "not to exceed \$10 per diem."

Mrs. CHURCH. Mr. Chairman, I move to strike out the last word.

Mr. RICHARDS. Mr. Chairman, will the gentlewoman yield for a unanimous-consent request?

Mrs. CHURCH. I yield.

Mr. RICHARDS. Mr. Chairman, I ask unanimous consent that all debate on this section, and all amendments thereto, close in not to exceed 15 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from South Carolina?

Mr. MEADER. Reserving the right to object, how many amendments to this section are there at the Clerk's desk?

The CHAIRMAN. The Chair is advised that there are two amendments to this section now on the Clerk's desk.

Mr. MEADER. I should like to have at least 5 minutes to discuss my amendment. Would the gentleman make that 20 minutes?

Mr. RICHARDS. Mr. Chairman, I ask unanimous consent that all debate on this section, and all amendments thereto, close in not to exceed 20 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

The CHAIRMAN. The gentlewoman from Illinois [Mr. CHURCH] is recognized for 5 minutes.

Mrs. CHURCH. Mr. Chairman, I have taken this time to clarify the situation regarding the appropriations for the United Nations expanded program of technical assistance in order that this year the situation might be crystal clear. I want therefore to read into the permanent RECORD the provisions that have been made in this bill for the United Nations expanded program of technical assistance, amounting to \$24 million for the fiscal year 1956 as reported on page 7, lines 17, 18, and 19 of the bill.

I call attention to this matter, Mr. Chairman, because there is a time element involved in this appropriation which I think the committee should recognize. I would particularly call attention to page 27 of the committee report which points out that this specific amount authorized in this bill will cover not just the 12-month period of the fiscal year 1956, but an 18-month period, the 6 months of the calendar year 1955 and all of calendar year 1956. The amount authorized would provide \$8.5 million for the last half of this calendar year of 1955, and \$15.5 million for the full calendar year of 1956, making a total of \$24 million. I would point out, Mr. Chairman, what the Members of the House are certainly aware of, that we in the Congress operate and appropriate on a fiscal-year basis. The United Nations with all its agencies operates on a calendar-year basis. This creates a difficulty which this Congress must recognize and meet. When, as happened last year, the Appropriations Committee confines the amount granted the agency to the level of what should and can be spent on the basis of only half of the United Nations year, with the remainder hanging fire and dependent on a supplementary appropriation bill, there must inevitably be delay and difficulty in planning a satisfactory budget. An actual loss in economy, as well as efficiency, is most likely to occur.

We should make an honest attempt to get on a parallel system of appropriations, insofar as we can.

I would, therefore, personally urge the Committee on Appropriations this year, in its wisdom, to make not a restricted 6 months' appropriation for the technical-assistance program; but to put the appropriation on a 12-month basis. I point out, again, that the Committee on Foreign Affairs has authorized a grant for a program for 18 months, which would put us more nearly in step.

The CHAIRMAN. The time of the gentlewoman from Illinois [Mrs. CHURCH] has expired.

Mr. MEADER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MEADER: On page 8, after line 3, insert:

"SEC. 309. Commission on Overseas Investment and Trade.

"FINDINGS AND DECLARATION OF PURPOSE

"The Congress finds that the dynamic competitive free-enterprise system which has flourished in the United States can raise standards of living and promote internal strength and stability in other free countries, thereby increasing their capacity to resist aggression, stimulating international trade, and contributing to the growth of free economic and political institutions. These goals can be achieved in large measure through encouraging and facilitating the investment of private capital in other free countries to develop their resources and improve their productivity. Numerous impediments now exist, however, which inhibit the investment of private capital and the conduct of trade and commerce throughout the free world. It is the purpose of sections 309 through 319 to discover ways to overcome these obstacles and make the fullest use of free private enterprise, subject to proper restraints to prevent overreaching and unfair exploitation, in promoting mutual security, economic vigor, and individual liberty in the free world.

"ESTABLISHMENT OF COMMISSION; DUTIES

"SEC. 310. (a) Commission established: There is hereby established a bipartisan commission to be known as the Commission on Overseas Investment and Trade (in this act referred to as the "Commission").

(b) Duties of Commission: In conformity with the findings and in furtherance of the purpose declared in section 309, the Commission, after a complete study and investigation, shall formulate and recommend to the President and the Congress specific programs and policies calculated to encourage and facilitate the investment of private capital in free countries outside the United States, and the conduct of trade and commerce in such countries, and between such countries and other free countries, including the United States. The Commission shall give particular attention to developing programs and policies calculated to eliminate or minimize the restrictions, hazards, and other impediments, foreign and domestic (including monopolistic and restrictive trade practices) which inhibit such investment, trade, and commerce, and to provide incentives for such investment, trade, and commerce.

"MEMBERSHIP OF THE COMMISSION

"SEC. 311. (a) Number and appointment: The Commission shall be composed of 14 members as follows:

"(1) Ten appointed by the President of the United States, four from the executive branch of the Government and six from private life;

"(2) Two Members of the Senate appointed by the Vice President; and

"(3) Two Members of the House of Representatives appointed by the Speaker.



"(b) Political affiliation: Of each class of members, not more than one-half shall be from each of the two major political parties.

"(c) Vacancies: Any vacancy in the Commission shall not affect its power, but shall be filled in the same manner in which the original appointment was made.

#### "ORGANIZATION OF THE COMMISSION

"SEC. 312. The Commission shall elect a Chairman and a Vice Chairman from among its members.

#### "QUORUM

"SEC. 313. Eight members of the Commission shall constitute a quorum.

#### "COMPENSATION OF MEMBERS OF THE COMMISSION

"SEC. 314. (a) Member of Congress: Members of Congress who are members of the Commission shall serve without compensation in addition to that received for their services as Members of Congress; but they shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of the duties vested in the Commission.

"(b) Members from the executive branch: The members of the Commission who are in the executive branch of the Government shall each receive the compensation which he would receive if he were not a member of the Commission, plus such additional compensation, if any, as is necessary to make his aggregate salary \$12,500; and they shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of the duties vested in the Commission.

"(c) Members from private life: The members from private life shall each receive \$50 per diem when engaged in the performance of duties vested in the Commission, plus reimbursement for travel, subsistence, and other necessary expenses incurred by them in the performance of such duties.

#### "STAFF OF THE COMMISSION

"SEC. 315. The Commission shall have the power to appoint and fix the compensation of such personnel as it deems advisable, without regard to the provisions of the civil-service laws and the Classification Act of 1949, as amended.

#### "CERTAIN LAWS INAPPLICABLE TO COMMISSION AND ITS STAFF

"SEC. 316. The service of any person as a member of the Commission, the service of any other person with the Commission, and the employment of any person by the Commission, shall not be considered as service or employment bringing such person within the provisions of sections 281, 283, or 284 of title 18 of the United States Code, or of any other Federal law imposing restrictions, requirements, or penalties in relation to the employment of persons, the performance of services, or the payment or receipt of compensation in connection with any claim, proceeding, or matter involving the United States.

#### "EXPENSES OF THE COMMISSION

"SEC. 317. There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, so much as may be necessary to carry out the provisions of sections through 319.

#### "POWERS OF THE COMMISSION

"SEC. 318. (a) Committees: the Commission may create such committees of its members with such powers and duties as may be delegated thereto.

"(b) Hearings and sessions: The Commission, or any committee thereof, may, for the purpose of carrying out the provisions of sections 309 through 319, hold such hearings and sit and act at such times and places, and take such testimony, as the Commission or such committee may deem advisable. Any member of the Commission may administer oaths or affirmations to witnesses appearing

before the Commission or before any committee thereof.

"(c) Obtaining official data: The Commission, or any committee thereof, is authorized to secure directly from any executive department, bureau, agency, board, commission, office, independent establishment, or instrumentality information, suggestions, estimates, and statistics for the purpose of sections 309 through 319, and each such department, bureau, agency, board, commission, office, establishment, or instrumentality is authorized and directed to furnish such information, suggestions, estimates, and statistics directly to the Commission, or any committee thereof, upon request made by the Chairman or Vice Chairman of the Commission or of the committee concerned.

"(d) Subpena power: The Commission, or any committee thereof, shall have power to require by subpoena or otherwise the attendance of witnesses and the production of books, papers, and documents; to administer oaths; to take testimony; to have printing and binding done; and to make such expenditures as it deems advisable within the amount appropriated therefor. Subpenas shall be issued under the signature of the chairman or vice chairman of the Commission or committee and shall be served by any person designated by them. The provisions of sections 102 to 104, inclusive, of the Revised Statutes (U. S. C., title 2, secs. 192-194), shall apply in the case of any failure of any witness to comply with any subpoena or to testify when summoned under authority of this section.

#### "EXPIRATION OF COMMISSION

"SEC. 319. The Commission shall cease to exist on June 30, 1957."

Mr. MEADER (interrupting the reading of the amendment). Mr. Chairman, I ask unanimous consent that the further reading of the amendment be dispensed with, and that it be printed in the RECORD.

The CHAIRMAN. Is there objection?

Mr. VORYS. Reserving the right to object, how many pages are there in the amendment?

Mr. MEADER. There are 7 pages in the printed bill which is the amendment. I have furnished the gentleman from Ohio with a copy of it, and also the gentleman from South Carolina.

The CHAIRMAN. Is there objection?

There was no objection.

The CHAIRMAN. The gentleman is recognized in support of his amendment.

Mr. SMITH of Wisconsin. Mr. Chairman, I ask unanimous consent that the time allotted me be granted to the gentleman from Michigan [Mr. MEADER] and that I may revise and extend my remarks immediately following the remarks of the gentleman from Michigan.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. HOFFMAN of Michigan. Mr. Chairman, I make the same request, that my time be granted to the gentleman from Michigan and that I may extend my remarks following the gentleman from Wisconsin [Mr. SMITH].

The CHAIRMAN. Is there objection?

There was no objection.

Mr. MEADER. Mr. Chairman, like others who have spoken this afternoon, and I refer particularly to the gentleman from Georgia [Mr. DAVIS], I have supported the foreign-aid program since I entered Congress in 1951.

The program was already under way, but like many others I thought of it as

a temporary program. I thought this job of developing the economies of friendly free countries was some time going to be finished. It was not until this year that I recall hearing any official, in a position to state Government policy, announcing that this program would become a permanent program.

The amendment which I have offered would provide a solution that many of us have been seeking; namely, a way to accomplish the job of strengthening our friendly allies in the free world without always having them on the back of the American taxpayer.

The Commission which I would create by this amendment would have the task of identifying and removing the hazards, obstacles, and impediments which are now restraining the natural forces which will more effectively build the economies of undeveloped areas than can ever be done by any amount of Government grants. That building would be done by private capital, the way our continent was developed. The investment money would flow into underdeveloped areas of the artificial barriers and unnatural hazards could be removed or minimized.

Yesterday I was interested in hearing the gentleman from Oklahoma [Mr. JARMAN] in his recital of what had been done to encourage the investment of private capital in economic activities abroad. He mentioned that the guaranty program had not resulted in attracting a great deal of American capital to foreign countries.

These problems are difficult and complex; they need the study of the best minds in the United States. I know it will be said we had the Randall Commission which was supposed to do exactly that job. As I recall, the Randall Commission was in existence only 5 months and they made but one recommendation which was practical, specific, and that was against double taxation; that was a good recommendation. But other than that, you can read the Randall Commission report and you will find that it is a change in wording, but otherwise not much more penetrating than other previous reports such as the Bell report, the Rockefeller report, the Gray report, and other studies that have been made. The problem is still with us.

In our effort to fight effectively in this cold war against the totalitarian regimes, let us not be ashamed of our own system of free private enterprise. Let us permit private capital to develop the economies of the underdeveloped countries. Let us make a start to bring an end to the Government grant program. Let us not make it a permanent program.

Even though perfecting amendments are not adopted in the Committee of the Whole this afternoon I probably will go along and vote for this bill again, but I wish they would make it more attractive to me, because I think that a program which depends upon our supporting weaker countries from our tax monies is not a sound way to build a defense against Communist aggression.

Mr. BROWNSON. Mr. Chairman, will the gentleman yield?

Mr. MEADER. In just a minute.



We need friends in our contest with imperialist Communist Russia, but we need strong friends. We need friends who can stand on their own feet and not have to be carried on our backs.

A program which leads us to dissipate our substance and our strength in carrying someone who cannot support himself is not a sound program to defend this country or to defend any other country. A country which will not fight to defend itself is not going to fight to defend the United States. We cannot win against Russia with mercenaries.

If foreign countries believe in the system we believe in and if we help them develop their economies on a sound basis such as my amendment would lead to, then we will have friends who can stand up against Russia. That is the kind of program I would like to see and this is the only way we are ever going to bring an end to the Government grants program which instead of strengthening these people perpetuates their mistakes, their deficiencies and their weaknesses, because they can rely upon Uncle Sam for financial help.

I now yield to the gentleman from Indiana [Mr. BROWNSON].

Mr. BROWNSON. I desire to compliment the gentleman on his amendment and also call the attention of the membership to the detailed study the gentleman has made of this subject in many countries of the world when it has been my pleasure to travel with the committee.

I share the gentleman's misgivings about continuing this as a permanent program, and it certainly would be more palatable to me were some amendment of this kind included—and I have always supported this program in the past.

Mr. MEADER. I thank the gentleman, and I might say that in the last Congress the gentleman was chairman of the International Operations Subcommittee of the Committee on Government Operations and explored some of these foreign aid programs. I wish we had time to discuss the mistakes that have been made in point 4 technical cooperation programs and in aid programs, but we do not.

How much better it is to have technical assistance follow the capital of private people investing abroad rather than to draft people and put them on a governmental assistance basis in these technical cooperation programs. Private business can furnish technical know-how in industrial and commercial undertakings far better than the Government can. The aid so furnished helps to build a sound economy on a natural basis and doesn't cost the taxpayers 1 cent.

Mr. DODD. Mr. Chairman, will the gentleman yield?

Mr. MEADER. I yield to the gentleman from Connecticut.

Mr. DODD. I want to commend the gentleman from Michigan for his work in this field. I have been aware of it at least for a year or two, having also served on the same subcommittee of the Committee on Government Operations. I know what a great amount of work he has done. I think it would be helpful

to the Members of the House if he could explain briefly—his amendment is lengthy—just what it is he wants to do.

Mr. MEADER. My amendment would create a bipartisan commission composed of 14 members, 4 from the executive branch of the Government, 4 from the legislative branch of the Government and 6 from private life. I would hope that the 6 men from private life would be selected with great care because if they have had experience with problems encountered in doing business abroad, they can make a greater contribution toward eliminating the obstacles and impediments which are now restraining the flow of capital into these underdeveloped areas.

That commission would have the specific purpose of trying to create a climate which would be attractive to American private capital or to the private capital of any other country. It would put emphasis on the free enterprise system and reverse the trend we have been following, namely, grants from government to government. That system tends to encourage socialism, because the government then engages in economic activities.

Mr. DODD. The gentleman might be interested in this comment. In February I went down to New Orleans to attend a private business conference concerned with developing trade with our South American neighbors. It was a good conference. There were four hundred-odd people from South and Central America and more than 400 from the United States and Canada. I say that great good was done there, but may I observe that nothing really definite was accomplished because the men and women down there did not have the means and the methods to put in operation what was in their minds. It would seem to me that the gentleman's amendment would help to develop this private business trade.

Mr. MEADER. I thank the gentleman.

(Mr. MEADER asked and was given permission to revise and extend his remarks.)

[Mr. SMITH of Wisconsin addressed the Committee. His remarks will appear hereafter in the Appendix.]

[Mr. HOFFMAN of Michigan addressed the Committee. His remarks will appear hereafter in the Appendix.]

The CHAIRMAN. The Chair recognizes the gentleman from Louisiana [Mr. PASSMAN].

Mr. PASSMAN. Mr. Chairman, I take this time to try and clear up a misunderstanding with respect to the unobligated funds of the Foreign Operations Administration. I do not believe all members of the Appropriations Committee and the Foreign Affairs Committee working together could tell within \$100 million of the amount they have on hand unobligated. Their figures and reports change faster than the New York Stock Exchange.

We were told a few days ago that on June 30 there would be \$100 million unobligated. Two days later they said \$620

million. They called yesterday and said it had gone up to \$932 million.

We found a little while ago that the Administrator of FOA, Mr. Stassen, and Mr. Hensel, Assistant Secretary of Defense, had about succeeded in getting the budget to let them hold in reserve all of these unobligated funds.

Mr. RICHARDS. Mr. Chairman, will the gentleman yield?

Mr. PASSMAN. I yield to the gentleman from South Carolina.

Mr. RICHARDS. I just want to compliment the gentleman on his finding out exactly what we have not been able to find out. I am sure that the chairman of the subcommittee on the Committee on Appropriations handling this matter will find out all about it.

Mr. PASSMAN. We will have additional hearings and get the information from the new crew. We have not been able to get it from the present officials of FOA.

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota [Mr. JUDD].

Mr. JUDD. Mr. Chairman, I join in what the chairman of our committee has just said with respect to these unobligated balances. Tomorrow, July 1, it ought to be possible to know just how much has been obligated, because heretofore we have had only predictions as to what could or would or might be done by the night of June 30.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. JUDD. I yield to the gentleman from Ohio.

Mr. VORYS. On the Meader amendment, I commend the gentleman for his interest and thorough study, but I want to point out that last year we had a 17-member Randall Commission, with a staff, to make a similar study. In this act, right ahead of where the amendment is proposed to be placed, is provided an international development advisory board consisting of 13 members who get not to exceed \$10 a day for expenses and a per diem allowance of \$50 for each day spent on work. This Meader amendment proposes a 14-member commission with an appropriate staff and unlimited authorizations for expenditures. It seems to me that we do not need more machinery or more commissions for this purpose, but we need some actual work done along that line, and the gentleman from Minnesota, I am sure, has a very practical suggestion that is coming up later.

Mr. JUDD. When we come to the proper place, I shall offer an amendment to increase the authorization for issuing guaranties from the present \$200 million to \$300 million. Now, this guaranty program at last has begun to roll, and the applications now exceed the existing \$200 million authorization, authorizations to issue guaranties for private investors or corporations or other Americans who have funds to invest in approved foreign countries—in industry, in agriculture, in buying stock of foreign corporations, and so on. The investments must be cleared by our own Securities and Exchange Commission and approved so that they are sound and not



filled with misrepresentations or blue-sky promises. I think, Mr. Chairman, this guaranty program is the better way to accomplish exactly what the gentleman from Michigan [Mr. MEADER] properly is seeking to do. Many of us have been disappointed at the apparent lack of enthusiasm on the part of some who administer this program, to stimulate the development around the world of the very system we believe in and which is responsible for our own remarkable economic development at home. The investment guaranty program is beginning to move, and I think it would be better if the gentleman's amendment were defeated and then my amendment to increase the authorization for guaranties be adopted, when we get to that part of the bill.

The CHAIRMAN. The Chair recognizes the gentleman from South Carolina [Mr. RICHARDS].

Mr. RICHARDS. Mr. Chairman, I agree with the objective sought to be accomplished by the gentleman from Michigan. I have noted his hard work very closely for several years and his comprehensive understanding of the business needs and United States relations abroad, but I think it would be bad to put this many-paged amendment in the bill at this time. It will call for additional administrative expense and I believe it is bad to place it in this bill.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. MEADER].

The question was taken; and on a division (demanded by Mr. MEADER), there were—ayes 23, noes 74.

So the amendment was rejected.

The Clerk read as follows:

SEC. 8. Title IV of the Mutual Security Act of 1954, which relates to other programs, is amended as follows:

(a) In section 401, which relates to special fund, insert "(a)" before the first sentence; strike out "\$150,000,000" in the first sentence and insert "\$50,000,000, in addition to the funds authorized to be appropriated under subsection (b) hereof,"; in the next to last sentence strike out "section" and insert "act"; and add the following new subsection at the end thereof:

"(b) There is hereby authorized to be appropriated to the President for the fiscal year 1956 \$100,000,000 for use in accordance with subsection (a) of this section."

(b) In section 402, after the word "used" in the first sentence, insert "during the fiscal year 1955, and not less than \$300,000,000 shall be used during the fiscal year 1956,".

(c) In section 403, which relates to special assistance in joint control areas, insert "(a)" before the first sentence; insert "at the time of the enactment of this act" in the first sentence after "responsibility"; and add the following new subsection:

"(b) There is hereby authorized to be appropriated to the President for the fiscal year 1956 not to exceed \$21,000,000 to carry out this section."

(d) Amend section 405, which relates to movement of migrants and refugees, as follows:

(1) Change the heading to "migrants, refugees, and escapees."

(2) In the second sentence of subsection (a), which relates to contributions to the Intergovernmental Committee for European Migration, insert "and for the fiscal year 1956 not to exceed \$12,500,000 for contributions to the committee," after "migration,".

(3) Amend subsection (c) to read as follows:

"(c) There is hereby authorized to be appropriated for the fiscal year 1956 not to exceed \$1,400,000 for contributions to the United Nations Refugee fund."

(4) Add the following new subsection:

"(d) There is hereby authorized to be appropriated to the President for the fiscal year 1956 not to exceed \$6,000,000 for continuation of activities, including care, training, and resettlement, which have been undertaken for selected escapees under section 401 of this act."

(e) In section 406, which relates to children's welfare, insert "(a)" before the first sentence and add the following new subsection:

"(b) There is hereby authorized to be appropriated for the fiscal year 1956 not to exceed \$14,500,000 for contributions to the United Nations Children's Fund."

(f) In section 407, which relates to Palestine refugees in the Near East, insert "(a)" before the first sentence and add the following new subsection:

"(b) There is hereby authorized to be appropriated to the President for the fiscal year 1956 not to exceed \$65,000,000 to be used to make contributions to the United Nations Relief and Works Agency for Palestine Refugees in the Near East."

(g) In section 408 (a), which relates to United States participation in the North Atlantic Treaty Organization, insert ", and for the fiscal year 1956 not to exceed \$3,700,000," before "for payment."

(h) Amend section 409, which relates to ocean freight charges, as follows:

(1) Insert the following new sentence at the end of subsection (c), which relates to ocean freight charges on shipments by United States voluntary nonprofit relief agencies: "There is hereby authorized to be appropriated to the President for the fiscal year 1956 not to exceed \$2,000,000 to carry out the purposes of this section."

(2) Amend subsection (d) to read as follows:

"(d) There is hereby authorized to be appropriated to the President for the fiscal year 1956 not to exceed \$13,000,000 to pay ocean freight charges on shipments of surplus agricultural commodities, including commodities made available pursuant to any act for the disposal abroad of United States agricultural surpluses. In addition, any funds made available under this act may be used, in amounts determined by the President, for the purposes of this subsection."

(i) In section 410, which relates to Control Act expenses, insert ", and for the fiscal year 1956 not to exceed \$1,175,000," after "1,300,000."

(j) (1) Change the title of section 411, which relates to administrative expenses to read "ADMINISTRATIVE AND OTHER EXPENSES".

(2) Amend section 411 (b) to read as follows:

"(b) There is hereby authorized to be appropriated to the President for the fiscal year 1955 not to exceed \$34,700,000, and for the fiscal year 1956 not to exceed \$35,225,000, for all necessary administrative expenses incident to carrying out the provisions of this act other than chapter 1 of title 1 and section 124."

(3) Add to section 411 the following new subsection:

"(c) Funds made available for the purposes of this act may be used for compensation, allowances, and travel of personnel, including Foreign Service personnel whose services are utilized primarily for the purposes of this act, and without regard to the provisions of any other law, for printing and binding, and for expenditures outside the continental limits of the United States for the procurement of supplies and services and for other administrative and operating purposes (other than compensation of person-

nel) without regard to such laws and regulations governing the obligation and expenditure of Government funds as may be necessary to accomplish the purposes of this act."

(k) Add the following new section:

"SEC. 418. President's Fund for Asian Economic Development: (a) The Congress of the United States reaffirms the policy of the United States to contribute to international peace and security through assisting the peoples of free Asia in their efforts to attain economic and social well-being, to safeguard basic rights and liberties, and to protect their security and independence. The Congress hereby recognizes that fundamental to these goals is an expanding economic growth of the free Asia area based upon self-help and mutual cooperation and full utilization of already existing resources and knowledge. The Congress expresses the willingness of the people of the United States to support the foregoing objectives to the extent to which the countries in the area continue to make effective use of their own resources and external resources otherwise available to them.

"(b) In order to carry out the purposes of this section, there is hereby authorized to be established a fund, to be known as the 'President's Fund for Asian Economic Development' (hereinafter referred to as 'the fund'), and there is hereby authorized to be appropriated to the President for the fund an amount of \$200 million, such amount to remain available until June 30, 1958.

"(c) The President is authorized to utilize the appropriations made available for the fund to accomplish in the free Asian area the policies and purposes declared in this act and to disburse them on such terms and conditions, including transfer of funds, as he may specify to any person, corporation, or other body of persons however designated, or to any foreign government, agency, or organization or group of governments or agencies as may be appropriate: *Provided, however*, That not less than 50 percent of the funds appropriated pursuant to this section shall be available only for furnishing assistance on terms of repayment in accordance with the provisions of section 505, and not more than 25 percent of said funds may be allocated for assistance to any one nation.

"(d) In utilizing the fund the President shall give preference to projects or programs that will clearly contribute to promoting greater economic strength in the area as a whole or among a group or groups of countries of the area."

The CHAIRMAN. The Clerk will report the committee amendment:

The Clerk read as follows:

Committee amendment: Page 8, line 16, strike out all of section (b) and insert:

"(b) In section 402, which relates to the sale of surplus agricultural commodities, strike out '\$350,000,000' and insert in lieu thereof '\$600,000,000'."

The CHAIRMAN. The question is on the committee amendment.

Mr. GROSS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the colloquy a few minutes ago, between the gentleman from Louisiana [Mr. PASSMAN], and the chairman of the committee [Mr. RICHARDS], as to unobligated balances, serves to point up very clearly that those who vote for this bill, as the gentleman from Minnesota [Mr. Judd] said during the hearings, will be voting a blank check.

On yesterday I asked the chairman of the committee where the appropriation would be found for domestic expenses, and he replied that it would be found under title IV.



I call the attention of the Members of the House to the subject of domestic expenses to be found on page 545 of the hearings.

If I read the hearings correctly, there is some \$9 million in this bill for what are known as domestic expenses. If I am wrong about that, I wish some member of the committee would correct me.

Reading the hearings with respect to domestic expenses, I find that the American Language Center of the American University, through contractual arrangements, is to provide intensive English language refresher instructions to FOA participants requiring it. Since this center serves both the Department of State and FOA, according to the hearings, the Department of State negotiates the contract with American University; and so forth, and so on.

On page 549 of the hearings, I read, under the label of Domestic Expenses, "Description of projects."

Then in the hearings appears meagre descriptions of the projects under this domestic program expenses section, and here are 2 or 3 of them:

Contracts with Vanderbilt and Stanford Universities to provide predeparture orientation in economic development to participants.

On page 549:

To provide for salaries for team leaders or technical consultants with teams, and for travel and per diem for team leaders and interpreters.

I do not know what this is all about, but apparently this is where \$9 million is going to go in part.

Contract with the University of Pennsylvania to provide for training of foreign architects and planners in the field of housing.

Contract to facilitate the establishment of trade associations in participating countries.

Another thing that this money is going to be spent for is this:

Contract to develop a plan for providing management training for foreign officials in substantive fields.

Whatever that is. I wonder whether any member of the Foreign Affairs Committee can tell me what these projects mean and why it should be necessary to spend \$9 million on them.

I repeat, American University is going to be paid for language refresher courses.

Now I call your attention to the hearings, which uses the word "infrastructure," but you can go over to the dictionary in the House chamber and you cannot find the word there. Is the committee putting up the money to send FOA personnel to American University to develop words which neither ordinary Members of Congress nor the American people understand?

I find another word in the hearings, "fungible." I went over to the dictionary to find out what "fungible" means. Let me read you the definition of "fungible:"

A thing of a class or kind such that one individual or part may be used in place of any other individual or equal part in satisfaction of an obligation. The classification is important with reference to the rights of the borrower in the contract of mutuum—

Whatever that means.  
the usufructuary—

Whatever that means.

of mutuum, the usufructuary of goods that perish or are alienated in the using, etc.

That is the definition to be found in Webster's unabridged dictionary here in the House chamber. But "infrastructure" will not be found there, yet it is commonly used in the hearings.

Mr. JUDD. Does the gentleman want to know what "infrastructure" means?

Mr. GROSS. I am certain the gentleman from Minnesota can tell me about that, especially if it is a foreign import.

Mr. JUDD. "Infrastructure" is a word they coined over in Europe. It may be a translation of a French word; I do not know. But it covers the projects we have there to build and support, for example, our American air bases. We have been building—I will not say how many, but several tens of American air bases in France. It covers the improvement of ports and the building of pipelines from the ports to carry fuel to the air bases. That is what is called "infrastructure"—the foundation which supports our American Air Force in Western Europe.

Mr. GROSS. I think I have the idea. I wish the gentleman would tell that to Mr. Webster.

Mr. JUDD. Mr. Webster wrote a considerable time before the cold war came along. He had not heard of Bulganin when he wrote it.

Mr. GROSS. You have everything in this bill for the foreigners except the kitchen sink, and I guess a few of Europe's coined words will not make it much worse. You certainly have tossed in the pocketbooks of American taxpayers.

Mr. RICHARDS. Mr. Chairman, we have been on this bill 6 or 7 hours. We have gone through 3 of the amendments to 3 of the titles in the mutual security bill, involving most of the money. I ask unanimous consent that all debate on section 8 and all amendments thereto close in not later than 20 minutes.

Mr. SMITH of Wisconsin. I object, Mr. Chairman.

Mr. JUDD. How many amendments are there to section 8?

The CHAIRMAN. There are several committee amendments in the bill that have not yet been considered. The Chair is advised there are four amendments on the Clerk's desk to section 8.

Mr. FULTON. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. FULTON. How many amendments are there to the bill on the desk at the present time?

The CHAIRMAN. The Chair is advised there are 12 amendments on the Clerk's desk.

Mr. RICHARDS. I had better modify my request, because it will take a little longer to consider this section.

Mr. Chairman, I ask unanimous consent that all debate on section 8, and all amendments thereto, close in not to exceed 35 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from South Carolina?

Mr. JUDD. Mr. Chairman, reserving the right to object, I have two amend-

ments to offer to this section. Do I get the opportunity to be recognized twice to present the two amendments under this arrangement?

Mr. RICHARDS. I would think so.

Mr. JUDD. Ordinarily, a Member is recognized only once with these arrangements.

Mr. RICHARDS. I do not know how much time the gentleman will get after he is recognized, but he will certainly be recognized twice.

Mr. SMITH of Wisconsin. Mr. Chairman, will the Chair count to see how many Members are seeking recognition?

Mr. GROSS. Mr. Chairman, reserving the right to object.

The CHAIRMAN. It is very difficult for the Chair to ascertain who is seeking recognition.

Mr. RICHARDS. Mr. Chairman, I demand the regular order.

The CHAIRMAN. The regular order has been demanded.

Is there objection to the request of the gentleman from South Carolina?

Mr. GROSS. Mr. Chairman, further reserving the right to object.

The CHAIRMAN. The gentleman cannot make a reservation of objection after the regular order is demanded.

Is there objection to the request of the gentleman from South Carolina?

Mr. GROSS. Mr. Chairman, I object.

Mr. RICHARDS. Mr. Chairman, I move that all debate on section 8, and all amendments thereto, close in not to exceed 35 minutes.

The CHAIRMAN. The question is on the motion offered by the gentleman from South Carolina?

The motion was agreed to.

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

The Clerk read as follows:

Committee amendment: Page 9, line 10, strike out lines 10 to 14 inclusive.

The committee amendment was agreed to.

The Clerk read as follows:

Committee amendment: Page 9, line 15, strike out "(3)" and insert "(2)."

The committee amendment was agreed to.

The Clerk read as follows:

Committee amendment: Page 9, line 19, strike out "(4)" and insert "(3)."

The committee amendment was agreed to.

The Clerk read as follows:

Committee amendment: Page 10, line 15, strike out lines 15 to 18 inclusive.

The committee amendment was agreed to.

The Clerk read as follows:

Committee amendment: Page 10, line 19, strike out "(h)" and insert "(g)."

The committee amendment was agreed to.

The Clerk read as follows:

Committee amendment: Page 11, line 14, strike out "(i)" and insert "(h)."

The committee amendment was agreed to.

The Clerk read as follows:

Committee amendment: Page 11, line 16, strike out "1,300,000" and insert "\$1,300,000."



The committee amendment was agreed to.

The Clerk read as follows:

Committee amendment: Page 11, line 17, strike out "(j)" and insert "(i)."

The committee amendment was agreed to.

The Clerk read as follows:

Committee amendment: Page 12, line 3, strike out "I" and insert "I."

The committee amendment was agreed to.

The Clerk read as follows:

Committee amendment: Page 12, line 17, strike out "(k)" and insert "(j)."

The committee amendment was agreed to.

The Clerk read as follows:

Committee amendment: Page 12, line 17, strike out "section" and insert "sections."

The committee amendment was agreed to.

The Clerk read as follows:

Committee amendment: Page 13, line 22, after "any" insert "friendly."

The committee amendment was agreed to.

The Clerk read as follows:

Committee amendment: Page 13, line 23, after "of" insert "friendly."

The committee amendment was agreed to.

The Clerk read as follows:

Committee amendment: Page 14, line 9, strike out the period and insert "area."

The committee amendment was agreed to.

The Clerk read as follows:

Committee amendment: Page 14, line 10, insert:

"SEC. 419. World Health Organization: Section 3 (a) of Public Law 643, 80th Congress, approved June 14, 1948, as amended, is hereby amended to read as follows:

"(a) such sums as may be necessary for the payment by the United States of its share of the expenses of the Organization as apportioned by the Health Assembly in accordance with article 56 of the constitution of the Organization, except that payments by the United States for any fiscal year of the Organization after 1958 shall not exceed 33 1/3 percent of the total assessments of active members of the Organization for such fiscal year; and".

"SEC. 420. Joint Commission on Rural Development: (a) The Secretary of State, after consultation with the Director, is hereby authorized to conclude an agreement with the Republic of the Philippines establishing a Joint Commission on Rural Development in the Philippines, to be composed of two citizens of the United States appointed by the President of the United States and three citizens of the Philippines appointed by the President of the Republic of the Philippines. Such Commission shall formulate and carry out a program for development of the rural areas of the Philippines, which shall include such research and training activities as may be necessary or appropriate for such development: *Provided*, That assistance furnished under this section shall not be construed as an express or implied assumption by the United States of any responsibility for making any further contributions to carry out the purposes of this section.

"(b) Insofar as practicable, an amount equal to not more than 10 percent of the funds programed in any fiscal year for the Republic of the Philippines under title I, chapter 3, and title III of this act shall be

used to carry out the purposes of subsection (a) of this section."

Mr. JUDD. Mr. Chairman, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. JUDD to the committee amendment: On page 15, line 7, after the word "shall" insert "subject to the general direction and control of the Director."

Mr. RICHARDS. Mr. Chairman, will the gentleman yield?

Mr. JUDD. I yield.

Mr. RICHARDS. I see no objection to the gentleman's amendment.

Mr. JUDD. I thank the gentleman.

The CHAIRMAN. The question is on the amendment to the committee amendment.

The amendment to the committee amendment was agreed to.

The CHAIRMAN. The question is on the committee amendment as amended.

The committee amendment as amended was agreed to.

Mr. VORYS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. VORYS: On page 13, line 24, insert after the word "That" the following: "such assistance shall emphasize loans rather than grants wherever possible, and."

Mr. RICHARDS. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield.

Mr. RICHARDS. This amendment just follows up the amendment that was adopted a short time ago?

Mr. VORYS. That is correct.

Mr. RICHARDS. In view of the fact that the first amendment was agreed to, I see no objection to this one.

Mr. VORYS. This provides for the same thing in the Asian economic development fund. In addition to that, they shall emphasize loans rather than grants wherever possible.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio [Mr. Vorys].

The amendment was agreed to.

Mr. SMITH of Wisconsin. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SMITH of Wisconsin: On page 13, line 14, strike out "\$200,000,000" and insert "\$100,000,000."

(Mr. SMITH of Wisconsin asked and was given permission to revise and extend his remarks.)

Mr. SMITH of Wisconsin. Mr. Chairman, I am sure we are all conscious of the fact that we have very little knowledge as to how much money is in this bill, how much is in the so-called pipeline and how much there is unexpended. It will take a Houdini I think to find the answer. I am suggesting in my amendment that we cut \$100 million off what is termed, I think quite cleverly, "President's fund for Asian economic development."

The pipeline is so plugged with American dollars that they do not know what to do with it. I have before me figures secured today from the FOA indicating the amount of money we have been able

to spend. But first as of June 30, today, there will be \$8,717,000,000, as a carry-over.

There are counterpart funds abroad of almost one billion which is available. This bill would authorize \$3,285,000,000, and if you approve this legislation as of today there will be available for spending in the next fiscal year starting tomorrow, \$12,975,900,000. It cannot be spent and it should not be authorized.

I ask you if you will sit here today and authorize another 3.5 billion on top of an already overloaded pipeline.

You are going to get a chance by my amendment to cut nearly \$100,000 out of a program that has not even been organized. They do not know what it is going to be used for and they can't tell us. I say it will take them 6 or 8 months before they can come back here and tell us how they will use half of that \$200 million. I think my amendment is a reasonable one.

Mr. PASSMAN. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Wisconsin. I yield to the gentleman from Louisiana.

Mr. PASSMAN. If you reduce this particular item by \$100 million, in another section of the bill you have \$100 million for the President; he would still have \$200 million with no strings tied to it if the gentleman's amendment is adopted.

Mr. SMITH of Wisconsin. There is no doubt about it. I thank the gentleman for his contribution.

The President cannot possibly spend what we would authorize, which is \$2 billion.

Let me call your attention to these figures:

There is unexpended as of June 30, 1955 \$8,717,100. Counterpart funds abroad amount to \$973,000. There is requested in this bill \$3,285,800, as I have said before. This makes a total of \$12,975,900.

Let me call your attention also to the expenditures during the last 3 fiscal years and the first 6 months of this fiscal year:

Fiscal year 1952, total expended -----	\$4, 500, 000, 000
Military -----	2, 400, 000, 000
Nonmilitary -----	2, 100, 000, 000
Fiscal year 1953, total expended -----	5, 700, 000, 000
Military -----	3, 800, 000, 000
Nonmilitary -----	1, 900, 000, 000
Fiscal year 1954, total expended -----	4, 800, 000, 000
Military -----	3, 300, 000, 000
Nonmilitary -----	1, 500, 000, 000
Fiscal year 1955, total expended -----	3, 800, 000, 000
Military -----	1, 700, 000, 000
Nonmilitary -----	2, 100, 000, 000

I ask: Is it reasonable to tell the American people today that notwithstanding all this money that we are going to pile another burden of \$3 billion or more on them?



That is the situation. It does not take much by way of mathematical computation to figure it out. Here it is, a common-sense proposition, and all I ask you to do is to take \$100 million off of this request.

On Tuesday, I pointed out that as of June 30, the Foreign Operations Administration estimates an unexpended balance of \$8,717,100,000. There are in counterpart funds in other countries \$973 million, and this bill would authorize \$3,285,800,000 or a total of \$12,975,900,000 for fiscal 1956, almost \$13 billion. I repeat what I said on Tuesday that this fund could not be expended in the next 2 years, if we are to judge by our spending ability in the past.

My amendment to strike \$100 million from the so-called President's Fund for Asian Economic Development is based on the request for a gigantic blank-check operation. The hearings failed to disclose just how the money will fit into the new program. It is my opinion that there should be no authorization for a new mutual security program until the Department of Defense has reached the point where it can come back to the Congress and submit its detailed findings. Secretary Hensel stated before the committee and I quote him:

While we still believe in the need for a complete analysis and review of our programs in the light of changed current conditions, we would like to make that analysis and review on a careful and independent basis and not come to any conclusion or to take any action with respect to the soundness of previously approved programs until the result of that study and review is known.

As I see it, the clear implication of the Secretary's statement is: Slow down, give us a chance to study it.

Here again Secretary Hensel was absolutely honest with the committee. Why then should we, at this time, appropriate \$200 million when there has been no showing that it is justified?

To insist upon such a request is further abrogation of congressional control over the expenditure of funds by the executive branch. It makes no difference to me whether the executive is a Republican or a Democrat. This is a matter of principle and not politics.

In all fairness, I ask, and I trust I may have an answer as to what countries in Asia will be receiving this assistance? How much will they receive? Do we know what projects will be developed and the purposes therefor? As we have pointed out in our minority views, do we have any idea of what contributions the recipient countries themselves will be making? Do we know how much the executive branch experts to spend in fiscal 1956 out of this fund? I have searched the hearings and do not find the answers to these questions. But we know what will happen. Our representatives will be out looking for projects upon which to spend the \$200 million.

At this moment, I am sure, the administrators of the fund have no idea as to how this \$200 million will be used. The bill provides, on page 13, line 16:

The President is authorized to utilize the appropriations made available for the fund

to accomplish in the free Asian area the policies and purposes declared in this act and to disburse them on such terms and conditions including transfer of funds as he may specify to any person, corporation, or other body of persons however designated, or to any friendly foreign government, agency or organization or group of friendly governments or agencies as may be appropriate.

Members of the committee, I believe that it is fair to say that this is the most sweeping blank check request that I have ever seen. It could be the beginning of an international WPA without end, or until the people of this country rebel, or the economic structure tumbles down on our heads.

My amendment is a reasonable one. It proposes a cut of only \$50 million from a \$200 million request that has not been justified in committee or on the floor of this House.

Mr. ZABLOCKI. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, it is true that of the funds in this bill, this particular \$200 million is not fully programmed. It is also correct that we do not know the specific purposes for which this money is going to be spent. We do know, however, the overall purpose of this fund. This money is to be used, at the discretion of the President, to stimulate the development of economic strength and cooperation in this vital area.

Now we all know that nations which are economically weak, find it difficult to become politically strong and secure. An increase in free Asia's economic strength can prove to be an effective barrier to Communist expansion.

We were told at length by Mr. Stassen when he appeared before the committee—and you will find this part of his statement on page 55 of the committee report—that—

The most pressing threats to world security and stability are now centered in Asia, and the preponderance of funds requested for fiscal year 1956 are to be directed toward meeting the threats to this area.

Asia is the focal point of present Communist pressure and the area whose future direction, either toward domination by communism, or freedom and independence, will be crucial in the long-range struggle of freedom against oppression.

No truer statement could have been made on this subject.

Mr. Chairman, it was pointed out that if this amendment carried, there could still be a transfer of \$100 million for this purpose under the transferability clause. In the past, we had authorized a transfer of \$150 million from other appropriated funds. It was indicated to us, however, that this procedure was not only costly but, on many occasions, very impractical. We were told of the many contingencies which arise during a 12-month period, and which are not expected. When such contingencies arise, the diversion of funds from planned programs to meet them, causes wasteful disruption of such planned programs. It is because we want to avoid this waste, these difficulties and complications, that we have felt that the President's request was justified and we recommended that it be approved.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. ZABLOCKI. I am glad to yield to the gentleman from Ohio.

Mr. VORYS. While a similar amount might be had by transfer, would not the gentleman agree with me that psychologically in the field of warfare for men's minds and hearts in Asia this cut would be about the worst cut we could make in this bill? It is true it is not programmed fully. It is true, I regret to say, that we have a secret classified program. But to cut this amount would certainly be psychologically about as bad a thing as we could do. Does the gentleman not agree with that?

Mr. ZABLOCKI. Yes; the gentleman is correct. If we must cut, this is the poorest place to cut any amount of money from the bill. We know, for instance, that our Nation depends on Asia for the purchase of the following strategic materials: 95 percent of our natural rubber, 76 percent of abaca, 71 percent of mica, 69 percent of tin, 65 percent of copper, 37 percent of manganese, 35 percent of chromite, 22 percent of tungsten, and so on.

The \$200 million authorized in this section will help to guarantee that the free countries of Asia will be able to supply us with these strategic materials.

Mr. VORYS. And if we count in the Chinese, more than half of the people of the world live in the area for which this fund is programmed. Seven hundred million live on the edge of communism.

Mr. ZABLOCKI. That is true. We would be making a terrible mistake if we were to cut this program.

I hope that the Members on the other side have sufficient confidence in their President and will give him the entire amount.

Mr. RICHARDS. Mr. Chairman, I rise in opposition to the pending amendment.

Mr. Chairman, it may seem rather strange that two Democratic members of the Committee on Foreign Affairs rise, one after the other, to plead for discretionary power of this kind over funds which are to be placed in the hands of a Republican President. But I think it is the best thing to do. We believe he will use them wisely.

As the gentleman from Ohio has just said, in that section of the world there are so many unpredictable and imponderables where, on account of the political conditions, the political landscape is changing from week to week and hour to hour, it would be demanding too much to ask anybody to get up a rigid schedule of projects there.

We wanted to circumscribe these funds in every way we safely could. To start with, this Congress amended the President's request, which would have permitted assistance to countries that violated the Battle Act. The Battle Act must now be complied with. We provided that 50 percent must be in loans. There was another restriction. The executive branch asked for unlimited time for the expenditure of these funds. We limited the time to 3 years. I believe it would be a great mistake on the part of the Congress to adopt this amendment.



Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield to the gentleman from Minnesota.

Mr. JUDD. Is it not true that last year we authorized \$800 million in a similarly indefinite form for the whole southeast Asian area because of the crucial situation which existed there? This fund is for the same general area. It is a place where conditions are so fluid that none of it might be used or all of it might be used, depending on the emergencies or the contingencies that may develop. If we gave the President \$800 million last year, and it was not misused, is it not sensible to give him at least \$200 million this year?

Mr. RICHARDS. The gentleman is quite correct.

Mr. SMITH of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield to the gentleman from Wisconsin.

Mr. SMITH of Wisconsin. Was there any testimony before the committee which would show, as is written in the law, that these funds would be given to any person, corporation, or other body of persons designated? Was there any testimony as to what categories that applied to?

Mr. RICHARDS. I am frank to say I do not remember.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield to the gentleman from Ohio.

Mr. VORYS. There was information in our classified book precisely on that question.

Mr. RICHARDS. I may say that the classified book is not our classified book. We have not classified a single thing. Those responsible for our security have classified it in the interest of the Nation. As far as I am concerned, if I could do it alone and the security of the United States was not involved, I would bring everything down here to the floor of the House.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. SIMPSON].

Mr. SIMPSON of Pennsylvania. Mr. Chairman, I am opposed to this amendment, for I think it is proper, in view of the great uncertainties in this area of the world, that there be very broad discretion in the President's use of assets hereunder. My understanding of this bill is that there is something in it other than merely the payment of dollars here or there to solve local problems. I want to ask the chairman if I am correct in this understanding. For example, I have prepared a question for you, Mr. Chairman, hoping to clarify this matter. My question is: I refer to section 418 and 505 in this bill we are now considering. Will the distinguished chairman inform the committee if it is the intention of Congress in this bill to authorize the President, in order to carry out the purposes of the Act, if he sees fit, to transfer any metal he is not specifically prohibited from so doing by other law, for coinage purposes or any other purpose consistent with the aims of this legislation?

Mr. RICHARDS. Mr. Chairman, if the gentleman will yield, I would say to the gentleman that the President has such wide discretion in this bill and in the sections mentioned that he unquestionably, if he thinks it is to the best interests of the United States, has the authority to transfer metal for coinage purposes to nations in this program, provided it is not contrary to some other law.

Mr. SIMPSON of Pennsylvania. I thank the gentleman. He answered the question as I thought it should be answered. It is my understanding that there are countries in the world where it is not necessarily food or clothing that is needed to bolster its economy. Rather help by way of developing the industry of the country and maintaining the stability of their currency is indicated. I would like to know whether in this bill we are doing something which could provide a stabilizing influence within their own economy, permitting them to build up and become more nearly self-supporting than they are today. I am happy to understand that it is the gentleman's belief that the President would have such authority, if he saw fit, assuming, of course, that the other law does not deny him the right, by this bill to transfer metals for the purpose of providing a basis for coinage of the Nation's money.

Mr. RICHARDS. I do not think there is any doubt about that.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. HOFFMAN].

Mr. HOFFMAN of Michigan. Mr. Chairman, I rise in support of the amendment. Did the gentleman from Wisconsin [Mr. SMITH] say that there was \$12 billion available still unexpended?

Mr. SMITH of Wisconsin. Mr. Chairman, if the gentleman will yield, as of the 30th day of June, there will be almost \$13 billion. I have not the exact figure, but I think it is twelve-billion-nine-hundred-and-some-odd million dollars, which includes, of course, the new authorization in this bill.

Mr. HOFFMAN of Michigan. Then there would seem to be no reason for the three-billion-plus carried in this bill. It is, indeed, touching to hear the Members on the majority side today call attention to their support of the President. I wonder how many of them voted for him at the last election or will at the next. It is all right to allege support or to pledge support or give support to some individual when he adopts a policy which they originated and follow. But when did they, as a party, ever support a Republican program which they did not think was a detriment to the attainment of their political objectives?

This \$2 billion goes to assist the people of Asia—I leave out the word “free” because we do not have very much more freedom here than they have there because sometimes I wonder if in some respects we have any more freedom than do they. For example tomorrow will we be able to ride the street cars or the buses or will we be walking because a

local union refuses to operate the transportation system until its demands are granted? The bill is for the support of the people of Asia in their efforts to obtain economic and social well-being. If I read my history correctly, the trouble over in India is that they have too many children, too many people, that starvation has been the only thing that has kept the country in such condition that a few might live. Expressed in a different way, that means that the people of Asia breed too fast. They just have more people than the land will support. And the laws of nature being what they are, they starve to death and have over the centuries.

As I get it, our kind-hearted, sympathetic Christian people like my good friend from Minnesota, Dr. Judd, want to fix and change conditions in Asia so that the people will have enough to eat, plenty of clothing and culture, shelter, all the good things man desires at the expense of our people so that they will have, I assume—

Mr. SHORT. More babies.

Mr. HOFFMAN of Michigan. Not more babies, as suggested by the gentleman from Missouri [Mr. SHORT], no. I do not know what he thinks on that subject. I have not asked him and I do not intend to, and I do not intend to yield so he can tell me. But that will be the result unless they are taught a different way of life. Now with that objective I am in accord, but it cannot be attained until they quit multiplying as they are now doing. One hundred and sixty or 200 million Americans cannot—they just cannot support some 800 million who continue to produce babies as they do rice. The production of humans is all out of proportion to the production of food and other necessities.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. HOFFMAN of Michigan. I am sorry, I cannot. The gentleman has now obtained for his foreign proteges about everything the taxpayers in this country can earn. I would like to hear him some time talk in behalf of the people of Minnesota and the district he represents, and in what I and many others believe is in the interest of the people of the United States. I know that is his purpose and that is his idea. But again I suggest he is on the wrong road. His destination is all right but he is going by ship and he will sink it with the cargo he wants to carry long before he is half way there. The doctor's idea is—and it is a wonderfully fine and Christian idea—that we should take from our people because they have something and give to those people over there because they need it. I am in favor of that as long as our giving does not lower the standards of our folks here to a point where they will be suffering privation and be unable to aid the people in India, and China, too—that seems to be the doctor's country—or more properly the country where its peoples' needs are so great the doctor's vision is obscured he cannot see the end of the road he is following.

The CHAIRMAN. The time of the gentleman from Michigan [Mr. HOFFMAN] has expired.



Mr. HOFFMAN of Michigan. Mr. Chairman, I offer a motion.

The Clerk read as follows:

Mr. HOFFMAN of Michigan moves that the Committee do now rise and report the bill back to the House with the recommendation that the enacting clause be stricken.

The CHAIRMAN. The gentleman is recognized on his motion.

Mr. HOFFMAN of Michigan. Mr. Chairman, it would be helpful if some Member of this House—there are 435—if just one could get into one statement the number of dollars that we have actually appropriated and how much has been used and how much more our taxpayers can pay to meet appropriations like those carried in this bill.

Some folks want to fix it so that the people of Asia, and those of other parts of the world, will adopt our way of living and conduct. That is all right with us if they are willing to pay the cost themselves. But why should I pay to force their way of thinking and acting upon people who have no desire to accept the thinking of the advocates of this bill? Boiled down, what this bill means is that they want to put us here in the United States of America in competition with an economy over there in Asia that created and maintained by the dollars extracted from our citizens can produce as much and as efficiently as we can here. Yet the same group will talk about a foreign market which will cease to exist if the millions in Asia are given by us the means, the know-how, to equal our production in quantity and quality. If the people of Asia and of India are to support themselves—have all that we have—and I am in favor of that; of course we cannot sell to them the merchandise or food which they will need because they will be producing an ample supply for themselves. That is obvious; is it not? Please do not misunderstand me. I try to be just as charitable and just as kindly and just as much of a Christian as other folks. I do not succeed quite as well as some, but I cannot get away from the ideas that I learned by experience. I cannot get away from the ideas that the people of my district convey to me. I favor the people of the rest of the world enjoying all of the good things we have but I want them to earn what they want. I do not intend and I will not pauperize my home folks—force them through taxation to care for, feed, shelter, and educate any group or segment of the world's population. That burden cannot be successfully carried by 160 million Americans.

For example, last night a gentleman called me along about 12 o'clock from Fennville, Mich. You do not know where it is; you probably cannot find it on the map. But it is there all right and the people are charitable, industrious, and thrifty. He said, "Now, listen, Congressman. I have 30 acres of blueberries and the State Department is fixing it so that now the price has gone down some 3 or 4 cents a quart. Do you know what that means to me? That means I not only cannot pay any more taxes, I cannot even keep the acres under cultivation and get the crop harvested."

I said, "What do you expect me to do about it?"

"Well," he says, "what did I send you down to Washington for, except to fix things like that."

And that loss of several cents is a problem which if he cannot solve will put him out of business.

"Well," I said, "how come? What is that due to, supply and demand?"

"Oh, no," he says, "the State Department have some sort of an agreement with Canada, and they have cut the restrictions so that the native Canadian blueberries are coming in here frozen and are being made into pies in competition with our blueberries and they do not even wash the Canadian blueberries; they are picked in the woods by the Indians, brought down frozen, then shipped here under some new regulations demanded by the State Department to make the Canadians feel good but which puts my berries off the market."

I said, "That is all up to the State Department. I cannot do anything with the State Department." The State Department runs the Army the Navy the Air Force the other executive departments including the President's advisers—it tells when to go to war—while the fighting is on how far the planes can fly to bomb the enemy—just when the GI's must quit chasing the enemy—stand and be shot at. Again he said, "Well, then we will get somebody that can." Of course, he is going to hunt a long time before he finds anybody that will be heard by the State Department when a plea is made in behalf of Americans, especially one who just grows blueberries or some other food. "You must, of course, not offend our friends," says the State Department.

And do not forget Harold Stassen. Not so long ago he advised us that we were to keep our Armed Forces—some 250,000 of them and I say this to my good friend on the Committee on Armed Services, the gentleman from Missouri [Mr. SHORT]—he is going to keep those boys you fellows have been sending over to Germany, not the same ones but a succession of them, provided their mothers have time to raise successive generations of soldiers from time to time, on and on—they are going to keep them over there for 50 years.

Now, is not that a fine prospect to hold out to the younger generation and those who will come on later? Are the mothers of America—of the United States of America to continue to bear the burden of furnishing cannon—no it is now bomb fodder, for every war the United Nations can get us into? We give away billions of dollars which do not bring peace—which arm those who in the past have become our enemies, and then we turn around and draft or force the enlistment of the crop of young manhood that comes along to serve over in those countries in wars in which we have no real interest.

Frankly, whom do we represent? Do we represent our people? Do the gentleman from Minnesota [Dr. JUDD] and my good friend from Ohio [Mr. VORVY] and the others who support this pro-

gram, this bill have in their minds first what is good for our people? Yes, the lady from Ohio [Mrs. BOLTON] nods her head, and I am sure she does, she evidently believes that by taxing the home folks to send billions abroad—sometime in some way world peace will come and remain. But she is following the wrong road to a bitter end. Arming potential enemies will never bring a lasting world peace. The kind of a policy—and that is their business—which we have been following—that kind of a policy has had us in one war after another, and it has piled up an obligation to take care of veterans for generations to come, in ever-increasing numbers. Before we get through with it we will find that we have destroyed the opportunities of our people to earn a decent livelihood for themselves, to live in the way which our ancestors were accustomed to follow and enjoy. That we have destroyed the security of this Nation.

Continue to follow the policy we are following today and we will destroy ourselves, our Nation, just as surely and completely as would an enemy by a successful war.

Mr. Chairman, I ask unanimous consent to withdraw my motion.

Mr. JUDD. Mr. Chairman, I object, and rise in opposition to the preferential motion.

Mr. Chairman, I cannot hope to cover all the ground and all the points made by our distinguished friend from Michigan, but I would like to mention 2 or 3.

In the first place, with regard to his contention that because of India's birth-rate, her people are doomed to have a steadily increasing food shortage, which we in America will be called upon to take care of with even greater contributions, the facts are the reverse. India historically has generally had to import 2 to 4 million tons of grain a year. But under the technical-assistance program of helping her people understand and carry out better seed selection and fertilization of the soil and better irrigation, her food production has increased dramatically until she is now practically self-sufficient in food. I do not know any money we have spent that has produced greater results in improving the agricultural production of a nation. India is now able to feed itself, despite its too rapidly growing population. So that was a broadside that I do not think quite landed, because its target of worsening hunger in India has been reduced in size, in fact almost removed, in part by the very program the gentlemen has always opposed.

Mr. ZABLOCKI. Mr. Chairman, will the gentleman yield?

Mr. JUDD. I yield to the gentleman from Wisconsin.

Mr. ZABLOCKI. Is it not a fact that Communist China, where starvation is still rampant, has that difficulty itself, and we can point to India, which is a democratic country, and show the success it has had?

Mr. JUDD. That is exactly correct. The people of Asia look around and see India with its own efforts under a democratic form of government, assisted by our programs, raising its standards



of living, however slightly, and for the first time becoming able to feed its people, whereas the greatest famines in all its history are occurring in Communist China, under totalitarian control. That is a tremendous victory for the free world.

The next point I want to mention is this: The gentleman suggested I am for sentimentally giving away billions of dollars to foreign countries in disregard of the well-being of my own people in Minnesota, and so forth. I insist this mutual-security program has saved the American taxpayer money-net, because if we had not had this program it would have cost us a great deal more than \$3 billion a year, probably ten or twenty billion dollars more a year, for the expanded Armed Forces we would otherwise have had to build up in the kind of world in which we live.

Does the gentleman know some way to get off this planet and live somewhere all by ourselves? Until he does, I am convinced that the most useful thing I can do for the people of my district, the Fifth District of Minnesota, is to try to work for a world where their children can live in freedom and their economy can be basically sound. Our economy is under a heavy strain; but it is not cracking up. It can stand its present load. I doubt that it could stand the load that would surely be upon it if we stood alone in the world. I believe that this program, net, has not cost us a single dollar, when compared with what we would have had to spend in greatly expanded appropriations for our own Armed Forces, were we to face this great Communist juggernaut alone.

If the advice and votes of some had prevailed, we would be facing not just the enemy that we confront today with one-third of the people of the world under its control; we would be facing an enemy with two-thirds of the people of the world behind the Iron Curtain and under its control, because those now on our side would already have been forced to succumb to Communist pressures without this program of aid.

What does the gentleman from Missouri [Mr. SHORT] of the Committee on Military Affairs estimate it would cost us per year for our military budget if the rest of the world, at least Europe and Asia, were behind the Iron Curtain?

I will not accept the insinuation that we are being careless and spendthrift with America's money, and are not looking out properly for the interests and well-being of our own districts. We are the ones who are saving dollars net for the American taxpayers.

Furthermore, while we have been carrying this program, we have had the greatest prosperity in our history.

Sure, I have criticism at home from some, like that heard here today. But I do not hesitate to face it. I lay the facts before my people, and the facts will demonstrate that I have not been neglectful of their interests in supporting wholeheartedly this program, while trying constantly to improve it.

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The question is on the preferential motion offered by the

gentleman from Michigan [Mr. HOFFMAN].

The motion was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin [Mr. SMITH].

Mr. FULTON. I want 1 minute of my time to speak on this amendment.

The CHAIRMAN. The gentleman from Pennsylvania [Mr. FULTON] is recognized for 1 minute.

Mr. FULTON. Mr. Chairman, I rise in opposition to the amendment because this is the amendment which would cut the President's fund, which he can use for unprogramed and undisclosed purposes in Asia.

Mr. WINSTEAD. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield.

Mr. WINSTEAD. I would like to make one point. If I understand the gentleman from Minnesota and other members of this committee, and I would like to have the attention of the gentleman from Minnesota, if I understood correctly, a number of you have pointed out India here today as a democratic government, as an example for other people to look to. I just do not believe that we want that kind of record to stand. I happened to be in India in 1953 myself. I will admit I do not know anything about it, but I did ask a man who had spent 2 years in India, "What is the answer for India?" and he said, "I think you will have to ask someone who has never been in India." I do not believe you would want the debate here to show that we are setting India up as a democratic government as an example for other people to look to.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. FULTON. Mr. Chairman, may I have 1 more minute of my time?

The CHAIRMAN. The gentleman is recognized.

Mr. FULTON. Mr. Chairman, I do not mean to say that this is a fund for secret purposes for Asia, but it is an unprogramed fund which the President can spend. So that if we delete this fund or cut it down, it cuts the President's discretion. Under this bill, we are giving him wide discretion and I believe we should defeat the amendment in order to support the President's program of development in Asia.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin [Mr. SMITH].

The amendment was rejected.

Mr. JUDD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JUDD: On page 12, line 16, insert the following new subsection.

"(j) Amend section 413 (b) (4) (f) which relates to the authority to issue investment guaranties as follows: Strike out "\$200,000,000" and insert in lieu thereof "\$300,000,000."

And renumber subsequent subsections.

Mr. JUDD. Mr. Chairman, this amendment does not increase the amount of money to be spent under this bill. It merely increases by \$100 million the authority for the issue of guaranties

for private investments. This program of guaranties for private investment was initiated in the House of Representatives 6 years ago. The purpose of it, of course, was to encourage private enterprise to invest abroad and thereby reduce the drain upon public funds and upon our own taxpayers. The program did not get started very well, and we constantly urged them to get going. In the last year it has made real progress. In the last 6 months of 1953 applications were filed totalling \$26,400,000. From January 1 to June 30, 1954 the amount was \$13,700,000. From July 1 to December 31, 1954, \$60 million; and in the first 6 months of this year applications have been filed for \$131 million. Thus, there are applications for almost 3 times the amount in guaranties that there is authority available. As a result, FOA is now forced to inform applicants for guaranties that it can give no assurance that authority to issue guaranties will be available when the investor's application is perfected. This has discouraged many investors.

The original authorization that we provided several years ago was \$200 million. Now guaranties have been issued covering investments amounting to about \$104 million. That leaves approximately \$96 million available. There are pending applications totaling \$189 million. I recognize that not all of those will be granted. Some of them will prove an examination to be impracticable or fuzzy, but we do need to increase the authorization so that the administrators of the program can provide these investment guaranties when enough sound ones come along.

I repeat, the amendment does not increase the money to be spent under the bill. On the contrary, it increases the amount of private capital that may be invested, with the Government having to spent that much less of its own funds.

I think everybody understands the guaranty program. The Government issues no guaranties against ordinary business hazards. It does not guarantee that an investor will make a profit, but if he does make a profit on any money covered by the guaranty, it is guaranteed that the profit can be converted into dollars and taken back home. It also guarantees that if a foreign government should confiscate or expropriate the property of a United States investor, the United States will reimburse him. Guaranties have been issued for \$104 million, and we have not had to pay out one cent. Investors pay a fee of one-half of one percent per year for each type of risk covered, just as banks that want their deposits to be covered by the Federal Deposit Insurance Corporation have to pay, I think it is one-quarter of 1 percent premium. \$1,300,000 has come in to the United States Government in fees it has collected from United States investors.

This is a sound way to reduce our appropriations for foreign aid; to encourage the making of larger investments of private capital in these programs abroad.

I hope that this amendment will be adopted. It does not take any more money. It allows our own economic



system to expand and to work better abroad.

Mr. Chairman, without regard to my amendment today, I wish to make the following points, which we must consider in evaluating the guaranty program and any probable ultimate cost to the United States:

First. Experience and logic indicate that the United States will never have to pay off on all or anywhere near all of the face amounts of the total guaranties issued. It is even possible that the Government might come out ahead. For example, in the 6 years in which the program has been in operation, no money has been paid out, and a total of \$1,300,000 has been collected in fees, as I have already pointed out.

Second. The proposed amendment would make the guaranty program run on the same business principles as those employed by private casualty-insurance companies. Nobody expects, and no State law requires, a casualty company to maintain a 100-percent reserve against all casualty insurance policies written. The investment guaranty program should be run in the same manner.

Third. In the event that the United States must pay a claim made pursuant to a guaranty, it obtains all local currencies or claims which were previously held by the investor. This subrogation is recognized by the country in which the investment is located, because FOA issues no guaranties until an international agreement is concluded providing for this recognition. Thus, the United States expects to realize on any foreign currencies obtained and on any claims against foreign governments to which it is subrogated. Actually, the investment guaranty program really provides a means by which investors can obtain immediate compensation for their losses arising from inconvertibility of currency and from expropriation. In the long run, the United States expects to obtain compensation for the losses incurred.

Fourth. Due to the geographic dispersal of the projects for which guaranties have been written, it is extremely unlikely that all guaranties would be called into play.

Fifth. In many cases investors wish to have both convertibility and expropriation guaranties covering the same investment. Where this is done, both guaranties are marked off against FOA's authority to issue guaranties. However, it is almost impossible that the United States would have to pay off on both expropriation and convertibility guaranties covering the same investment.

Mr. RICHARDS. Mr. Chairman, I rise in opposition to the amendment.

The CHAIRMAN. The gentleman has consumed the time allotted to him.

Mr. JARMAN. Mr. Chairman, I am happy to yield to the chairman of my committee at this time.

Mr. RICHARDS. Mr. Chairman, I am opposed to this amendment. I was one of the original supporters of the guaranties. There were \$200 million in funds for guaranties in the Mutual Security program. So far we have not been able to commit more than \$106 million of it. Therefore, you have \$94 million left; and

the amendment offered by the gentleman from Minnesota will not do any good. If you wanted to extend the field of the guaranties it would be a different thing, but the program does not need any more money. I thank the gentleman.

Mr. JARMAN. Mr. Chairman—

Mr. CHRISTOPHER. Mr. Chairman, will the gentleman yield for a parliamentary inquiry?

Mr. JARMAN. I'm sorry but I do not have time; I cannot yield. Mr. Chairman, at an appropriate time when we go back into the House I will ask consent that a recent letter and material from Charles E. Houston, Chief of this Investment Guaranty Program, be inserted at this point in my remarks.

The matter referred to follows:

FOREIGN OPERATIONS ADMINISTRATION,  
Washington, D. C., June 27, 1955.

Hon. JOHN JARMAN,  
House of Representatives,  
Washington, D. C.

DEAR MR. JARMAN: I am pleased to furnish the information about the investment guaranty program which you requested in our telephone conversation last Friday.

1. Guaranty contracts issued:

At June 30, 1954.....	\$47,700,000
At Dec. 31, 1954.....	48,700,000
As of June 30, 1955.....	91,400,000

The June 30, 1955 figure represents 91 contracts. Of these 76, totaling \$75,800,000, are guaranties of currency convertibility and 15, totaling \$15,600,000, are guaranties against loss from expropriation.

2. Applications pending: at June 24, 1955, \$189 million.

In our records, applications pending means applications which can reasonably be regarded as active, i. e., the investors are moving ahead with their investment plans and keeping active their applications for guaranty. In short, it is not a "watered" figure. Even so, experience shows that some of the investments will not be made and some of the applications will be dropped.

On the other hand, the flow of applications received is increasing. Also, we are carrying some \$87 million of applications in a "deferred" category because the applicants are not actively pursuing their applications. None of the "deferred" figure is included in the figure of \$189 million for pending applications. From time to time, however, applicants revive their plans and it may be expected that some part of the "deferred" category will again become active.

Of the current total of \$189 million of applications pending, the very great majority are applications which were received after July 1, 1954.

3. Applications in process: At June 24, 1955, \$43 million.

In our records, applications in process means applications which appear to be nearing completion, i. e., the investors are completing their investment plans, have obtained or requested the necessary foreign government approvals and are working with us to perfect the final details of their applications.

4. Fees received: At June 24, 1955, \$1,280,000.

5. Payments under guaranty contracts: No payment has been made under a guaranty contract.

6. Funds available for guaranties: As of July 1, 1956, \$95,680,000.

This figure is derived as follows:

Statutory authority.....	\$200,000,000
Liability under investment	
guaranty contracts.....	74,100,000
Balance.....	125,900,000

Informational media guaranty program:

Disbursements.....	16,900,000
Contracts outstanding.....	5,000,000
Allocation for fiscal year 1956.....	10,000,000
	31,900,000

Balance.....	94,000,000
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Add fees collected:

Investment guaranties.....	1,280,000
Informational media (estimate).....	400,000
	1,680,000

Balance available for investment guaranties.....	95,680,000
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As the tabulation indicates, both the investment guaranty program and the informational media guaranty program operate under the \$200 million provided in section 413 (b) (4) (F) of the Mutual Security Act of 1954.

7. Country agreements: As you know, the program is put into operation in a particular country on the basis of an agreement between the United States Government and the government of the foreign country. These agreements establish the willingness of the foreign government to participate in the program and the rights which the United States Government will have with respect to currency, property, or claims which it may acquire through the operation of the program.

Twenty-six countries have signed the necessary agreements. A list of these countries is attached. Of the 26, 6 have joined the program since the beginning of 1955. Five of the six—Costa Rica, Ecuador, Guatemala, Honduras, and Peru are in the Latin American area. The other recent addition is Pakistan. Negotiations are well advanced with other Latin American countries and with countries in the Middle East and Asian areas. Although expansion of the program has been slowed by the requirements that formal intergovernmental agreements must be obtained, the increasing number of participating countries has lessened somewhat the problem of geographic availability of the program's protection.

Over the past year, the efforts of the Guaranties Division have been largely directed to four points:

1. Developing procedures which will make getting a guaranty an easy, simple process, free of burdensome red tape and free of the appearance of intervention in private investment arrangements.

Such procedures were developed and were published last October. Many businessmen have stated that they find present paperwork reasonable and in no way burdensome or difficult.

2. Revising the nature of the protection provided by the convertibility contract and the fees charged for both kinds of contracts.

The principal charges in the convertibility contract were: (a) To eliminate the provision by which all receipts from the insured investment reduced the amount of coverage; (b) to eliminate the requirement that the investor schedule his protection, by years over the life of the contract; and (c) to eliminate the complex fee computation previously used.

At present, convertibility contracts provide a single flat amount of protection which is not reduced by transfer of earnings through regular financial channels and for which a simple percentage annual fee is charged.

The new convertibility contract was announced in October 1954; it has been well received.

3. Bringing the program and the changes mentioned above to the attention of the business community.

The program cannot, of course, fulfill its intended purpose unless businessmen are



aware of its existence and have some understanding of the protection it affords. Through direct mailing of descriptive material, through visits of staff members to principal cities to discuss the program with groups and individuals in business and financial circles, through publicity related to specific contracts issued, and by various other means, we have tried to make the program and its present form widely known.

The ultimate objective in this direction is to bring about an understanding in the business world that certain non-business risks attending foreign investments are routinely insurable and can be discounted in investment plans in the same way that other insurable risks can be discounted.

#### 4. Extending the program geographically.

The usefulness of the program depends in large part on it being widely operative. In recent months, negotiations have been undertaken with a long list of countries. Since the fall of 1954, 7 countries have joined the program. As mentioned earlier, 6 of these have joined since the beginning of 1955.

Negotiations are continuing with a number of countries, chiefly in Latin America and the Middle East, and it is expected that the list of participating countries will continue to grow.

The investment-guaranty program is unique. Those who undertook its administration at the beginning had to develop policies and procedures to guide its operation and contract forms to express the protection offered. They had to devise country agreement forms and negotiate agreements with foreign governments and they had to bring the existence of the program to the attention of business. I think that helps to explain why the program did not move forward as rapidly as hoped.

We believe that the program has recently gained new impetus, and that it is reasonable to expect that it will play an increasing role in encouraging more private American investors to invest their capital abroad.

Sincerely yours,

CHARLES E. HOUSTON,

Chief, Investment Guaranties Division

(Enclosure: List of countries participating in investment guaranty program.)

Convertibility and expropriation insurance are available in the following countries: Austria, Belgium, China (Formosa), Costa Rica, Denmark, Ecuador, France, Germany, Greece, Guatemala, Haiti, Israel, Italy, Japan, the Netherlands, Norway, Pakistan, Peru,<sup>1</sup> Philippines, Portugal, Spain, Thailand, Turkey,<sup>1</sup> United Kingdom,<sup>1</sup> Yugoslavia.

Additions: Honduras.

#### OVERSEAS DEPENDENCIES OF COUNTRIES PARTICIPATING IN THE INVESTMENT INSURANCE PROGRAM

Belgium: Belgian Congo, Ruanda-Urundi, Denmark: Greenland.

France: Tunisia, Algeria, Morocco, Somaliland, French West Africa, Togoland, French Equatorial Africa, the Cameroons, Madagascar and Comoro, Saint Pierre and Miquelon, New Caledonia and dependencies, French Oceania, French East Indian possessions, Reunion Island, Guadeloupe, Martinique, French Guiana.

Italy: Somaliland.

Netherlands: Surinam, Curacao, Aruba.

Portugal: Angola (Portuguese West Africa), Mozambique (Portuguese East Africa), Cape Verde Island and Portuguese Guinea, Sao Tome and Principe, Timor, Macao, Portuguese East India.

United Kingdom: Channel Islands, Isle of Man, Gibraltar, Malta, Cyprus, British West Africa (Nigeria, Gold Coast and Territories, Gambia, Togoland, British Cameroons, Sierra Leone), British East Africa (Kenya,

Uganda, Federation of Rhodesia and Nyasaland, Tanganyika, Zanzibar and Pemba, Somaliland), St. Helena, Mauritius and dependencies, Seychelles, Aden (Colony and Protectorate), Malaya, Singapore, Hong Kong, North Borneo, Sarawak, Brunel, Fiji Islands, other British islands of Pacific, Bahamas, Barbados, Jamaica, Leeward Islands, Windward Islands (including Dominica), Trinidad, Falkland Island and dependencies, British Guiana, British Honduras.

Policies and regulations in overseas dependencies often vary greatly from those of the mother country. If insurance is desired for an investment in an overseas dependency of a participating country, we will be glad to explore the matter with the appropriate colonial or territorial offices.

#### Investment guaranties—Pending applications as of June 24, 1955

Country and product	Convertibility	Expropriation
<b>Austria:</b>		
Ski lift.....	\$9,230	\$4,615
Electric heaters.....	17,000	
<b>Total.....</b>	<b>26,230</b>	<b>4,615</b>
<b>Belgium:</b>		
Typewriters.....	105,000	130,000
Steel buildings.....	320,000	320,000
<b>Total.....</b>	<b>425,000</b>	<b>450,000</b>
<b>China:</b>		
Rayon plant.....	1,424,000	1,200,000
Oil refinery.....	2,200,000	2,000,000
Ammonium sulfate.....	5,000,000	5,000,000
<b>Total.....</b>	<b>8,624,000</b>	<b>8,200,000</b>
<b>France:</b>		
Paint spraying equipment.....	45,000	
Dredges.....	635,500	100,000
Automobiles.....	3,800,000	
Do.....	6,714,000	3,327,000
Automotive equipment.....	9,000	25,000
Proprietary drugs.....	669,824	
Gasoline storage facilities.....	125,000	
Welding materials.....	1,110,000	
Carbon black.....	3,000,000	
Styrene monomer.....	225,000	
Industrial engineering.....	150,000	
<b>Total.....</b>	<b>16,483,324</b>	<b>3,452,000</b>
<b>Germany:</b>		
Electronic products.....	250,000	250,000
Industrial engineering.....	151,675	189,175
Water treatment compounds.....	1,493,150	50,000
Dairy products.....	3,500,000	3,500,000
Powder actuated tools.....	340,000	265,000
Elevators and elevator equipment.....	450,000	
High-precision instruments.....	612,500	612,500
Deoxidizing process.....		17,500
Optical instruments.....	550,000	550,000
Automobiles and trucks.....		3,600,000
Do.....		4,725,000
Surgical instruments.....	10,000	10,000
Foods.....	250,000	250,000
Phonograph records.....	250,000	220,000
<b>Total.....</b>	<b>7,857,325</b>	<b>13,989,175</b>
<b>Guatemala:</b>		
Lumber.....	177,000	177,000
Do.....	70,000	70,000
<b>Total.....</b>	<b>247,000</b>	<b>247,000</b>
<b>Israel:</b>		
Textile plastics.....	175,000	100,000
Machinery and equipment.....	70,000	70,000
<b>Total.....</b>	<b>245,000</b>	<b>170,000</b>
<b>Haiti: Airport construction.....</b>		<b>6,000,000</b>
<b>Italy:</b>		
Television sets.....	150,000	150,000
Intravenous solutions.....	27,550	27,550
Statuary.....	60,000	30,000
Refrigerators.....	932,800	
Hotel management.....	1,750,000	875,000
Military aircraft.....	12,224,250	
Brake bonding materials and equipment.....	100,000	
Pharmaceuticals.....	175,000	175,000
Do.....	475,000	300,000
Paint spraying equipment.....	30,000	
Plastics.....	70,000	

#### Investment guaranties—Pending applications as of June 24, 1955—Continued

Country and product	Convertibility	Expropriation
<b>Italy—Continued</b>		
Electronics.....	\$125,000	
<b>Total.....</b>	<b>16,119,600</b>	<b>\$1,557,550</b>
<b>Japan:</b>		
Utility shares.....		1,000
Industrial chemicals.....	3,060,000	1,530,000
Scientific equipment.....	125,000	50,000
<b>Total.....</b>	<b>3,185,000</b>	<b>1,581,000</b>
<b>Netherlands:</b>		
Fountain pens.....	50,000	50,000
Industrial chemicals.....	2,600,000	1,300,000
Precision instruments.....	500,000	500,000
Oil burners.....	61,250	
Chemical finishes.....	43,750	43,750
Machin tools.....	100,000	100,000
<b>Total.....</b>	<b>3,355,000</b>	<b>1,993,750</b>
<b>Philippines:</b>		
Rubber manufacture, tires and tubes.....	3,564,000	3,600,000
Intravenous solutions.....	29,190	29,190
<b>Total.....</b>	<b>3,593,190</b>	<b>3,629,190</b>
<b>Peru: Food products.....</b>	<b>50,000</b>	
<b>Spain:</b>		
Pharmaceuticals.....	1,125,000	562,500
Water treatment compounds.....	532,500	300,000
Industrial chemicals.....	122,400	
Corn starch.....	200,000	
Construction.....	70,000	
Vitreous china plumbing.....	100,000	42,500
Plastics.....	62,500	31,250
<b>Total.....</b>	<b>2,212,400</b>	<b>936,250</b>
<b>Thailand:</b>		
Construction.....	1,800,000	1,800,000
Tapioca flour plant.....	100,000	100,000
<b>Total.....</b>	<b>1,900,000</b>	<b>1,900,000</b>
<b>Turkey:</b>		
Textile manufacturing.....	1,750,000	
Cement blocks.....	40,000	
Oil refinery.....	14,000,000	
Rubber products.....	150,000	
Hotel operating.....	632,000	
Waste oils.....	84,000	
Cotton mill.....	3,768,784	
Truck manufacture.....	2,850,146	
Pharmaceuticals.....	1,000,000	
<b>Total.....</b>	<b>24,274,930</b>	
<b>United Kingdom:</b>		
Machine tools.....	400,000	
Automatic screw machine.....	980,000	
Rubber products.....	1,350,000	
Oil burners.....	45,000	
Dairy products.....	1,685,000	
Machine tools.....	55,000	
Do.....	200,000	
Hotel operation.....	1,421,520	
<b>Total.....</b>	<b>6,136,520</b>	
<b>Various countries: Investment trust.....</b>	<b>25,000,000</b>	<b>25,000,000</b>
<b>Grand total.....</b>	<b>119,734,519</b>	<b>69,110,530</b>

Mr. JARMAN. Mr. Chairman, let me say this: At the present time \$91 million in guaranties have been issued, and \$189 million in applications are pending, with about \$95 million outstanding in authorization. An additional \$100 million is needed to cover the program.

The \$100 million authorization that is set out in this amendment will mean no additional cost to the taxpayers of the country. As the gentleman from Minnesota [Mr. Judd] pointed out, we have actually made money under this program from fees paid in on guarantee contracts—\$1,280,000.

I think it should also be borne in mind that at the present time this entire program is being administered by 4 execu-

<sup>1</sup> Convertibility insurance only.



tives and 2 secretaries. The administrative expense is small.

It is the congressional intent that this program get into indirect as well as direct investments abroad. If we get into the field properly, it has great possibilities in terms of private investments going abroad. It may make unnecessary a certain percentage of the money we have been sending abroad as foreign aid. This is a great opportunity, it seems to me, for expanding the field in a program that offers great hope for the future, at no cost to the taxpayer.

I would add that I think in fairness to the consideration of this amendment, it should be said that when it was taken up in the committee, the gentleman from Minnesota [Mr. JUDD] who introduced the amendment, was not able to be present and the matter was not affirmatively presented to the committee. Had it been, I honestly believe it would have been accepted by our committee.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. JARMAN. I yield to the gentleman from Ohio.

Mr. VORYS. Is it not a fact that the amendment is now in different form, in a different amount? I have been a fan for this guarantee business and loan business for 7 years, and finally we have gotten in illustration of where it is really starting to be used. It is obvious that there is more guarantee available than we have authorization for, and, therefore, we could expand it by \$100 million. We have made money on the deal so far.

Mr. JARMAN. I thank the gentleman.

The CHAIRMAN. The gentleman from Pennsylvania [Mr. FULTON] is recognized.

Mr. FULTON. Mr. Chairman, I favor this amendment to expand the authorization for the increase of the guaranty program to enable United States business men to invest with security abroad. This program permits businessmen to get guaranties abroad for their investments by paying a fee to obtain a guaranty contract. This is a help to increased private investment abroad, and will permit reduction in the foreign aid program as private business increases. We must look ahead to cutting down the foreign-aid program and eliminating it entirely, so private business should be encouraged to handle more of investment programs abroad.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Minnesota [Mr. JUDD].

The question was taken; and on a division (demanded by Mr. JUDD) there were—ayes 46, noes 91.

So the amendment was rejected.

Mr. GROSS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GROSS: On page 14, line 19, strike out the figure "1958" and insert "1955."

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Chairman, under the title "World Health Organization

and Contributions Made Thereto," it is provided that we appropriate more than 33⅓ percent to this organization. My amendment would simply say that we contribute 33⅓ percent beginning as of now instead of the 37 percent contribution we are making. I think that 33⅓ percent is enough and far more than enough for the United States to appropriate for the support of any of these international organizations.

Mr. Chairman, I have a letter from Thruston B. Morton, of the Department of State, which states:

Since 1952 the United States has been assessed 33⅓ percent of the total assessments of all members of the World Health Organization. Nine of these members are Soviet and satellite countries which for several years have not participated in the activities of the WHO but continue to be assessed because in the WHO there is no automatic procedure for withdrawal from membership, and the necessary majority has been lacking in the Health Assembly to take action officially recognizing the withdrawal of these countries.

What the Assistant Secretary of State is saying is that representatives of the United States and other countries have not the courage to throw the commies out of this World Health Organization unless they pay up their share of the costs.

He goes on to say:

At the eighth session of the World Health Assembly in Mexico City May 10 to 27, 1955, the United States proposed that the assessment scale should be revised so as to reduce the maximum contribution to a level not exceeding 33⅓ percent of total assessments of active members alone.

The action revising the scale was approved in plenary session by a vote of 43 in favor, 2 against.

That is, the vote was 43 to 2 against us. The United States voted against the action taken on the grounds that we should go back to 33⅓ percent immediately and not over a 3-year period.

What I am trying to say is that there is a principle involved here. These foreigners in this world health organization have voted a tax increase upon the people of the United States. No matter if the amount is small, that is what they can do, and that is what they have done. I am opposed to any international organization levying taxes upon Americans because the commies will not pay up or for any other reason.

Mr. HAND. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from New Jersey.

Mr. HAND. I think the gentleman is entirely correct. I ask him now whether this House has not passed legislation requiring that our contribution be not to exceed 33⅓ percent? I have some recollection of something of that sort.

Mr. GROSS. I think we did with respect to 1 or 2 international agencies, but I doubt that the legislation was all-embracing.

Mr. SHORT. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Missouri.

Mr. SHORT. I take it, the gentleman from Iowa [Mr. GROSS] like the gentle-

man from Michigan [Mr. HOFFMAN], does not want to sharpen the razor to hand to an enemy to cut our throat.

Mr. GROSS. Exactly so. There is a principle involved here, whether you are in favor of a bunch of foreigners increasing the taxes of the people of the United States. If they can do it in this case, they can do it in any case.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. FULTON].

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield to the gentleman from Minnesota.

Mr. JUDD. Mr. Chairman, this amendment actually reduces the percentage that America will hereafter contribute to the World Health Organization. As the gentleman from Iowa has said, it has had two budgets. One is a legal but fictitious budget based on assessments to all the member countries, including Communist countries, which never pay anything. The other budget is the actual operating budget. Our share of the former has been 33⅓ percent. Our share of the latter has been 36.76 percent.

In the recent annual meeting of the Assembly of the WHO at Mexico City, to which two of our delegates were Members of this House, the gentleman from Pennsylvania [Dr. MORGAN], and the gentleman from Kansas [Mr. AVERY], the World Health Assembly voted that it would reduce America's contribution to the actual operating budget of this organization in four equal stages, so that by 1959 we will not be contributing more than 33⅓ percent of the total assessment to the active members—the actual budget.

This committee amendment increases the percentage that other nations will contribute to the budget of the World Health Organization. It reduces the percentage that the United States will contribute to the World Health Organization. The whole story is told in detail on page 36 of the committee report.

I am sure the gentleman from Iowa is interested in reducing America's share of the budget of this and every other international organization. So he should support this amendment for it will do exactly that.

The CHAIRMAN. Does the gentleman from Iowa desire to withdraw his amendment?

Mr. GROSS. No, Mr. Chairman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa [Mr. GROSS].

The amendment was rejected.

The Clerk read as follows:

Sec. 9. Title V, chapter 1, of the Mutual Security Act of 1954, which relates to general provisions, is amended as follows:

(a) In section 501, which relates to transferability of funds, insert, in the first sentence, the words "in any fiscal year" after "transferred" and after "increased"; and delete the last two sentences of said section.

(b) In section 502, which relates to use of foreign currency, in subsection (b) after the word "amended," insert the words "and to the Joint Committee on Atomic Energy and the Joint Committee on the Economic



Report,"; and in the proviso after the word "Senate" the second time such word occurs insert the words "or a joint committee of the Congress".

(c) In section 503, subsection (b) is hereby repealed and subsection (c) is redesignated as "(b)".

(d) (1) Change the heading of section 505 to "Loan Assistance and Sales".

(2) Add the following sentence at the end of subsection (a) of section 505: "Whenever commodities or services are sold for foreign currencies the President, notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, may use or enter into arrangements with friendly nations or organizations of nations to use such currencies for the purposes for which the funds providing the commodities or services which generated the currencies were appropriated."

(e) Add the following sentence at the end of section 509, which relates to shipping on United States vessels: "The ocean transportation between foreign countries of commodities, materials, and equipment procured out of local currency funds made available under this act shall not be governed by the provisions of section 901 (b) of the Merchant Marine Act of 1936, or any other law relating to the ocean transportation of commodities, materials, and equipment on United States-flag vessels."

The CHAIRMAN. The Clerk will report the first committee amendment printed in the bill.

Mrs. KELLY of New York. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentlewoman will state it.

Mrs. KELLY of New York. If these committee amendments are voted upon, will that preclude my amendment on page 16, line 23?

The CHAIRMAN. Is the gentlewoman's amendment an amendment to the committee amendment?

Mrs. KELLY of New York. It is not, Mr. Chairman.

The CHAIRMAN. Unless it is an amendment to the committee amendment, disposition of the committee amendment would not affect the amendment of the gentlewoman from New York.

Mrs. KELLY of New York. I thank the Chairman.

Mr. RICHARDS. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 20 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from South Carolina?

Mr. SHORT. I object, Mr. Chairman.

The CHAIRMAN. The Clerk will report the first committee amendment.

The Clerk read as follows:

Committee amendment: Page 15, line 24, strike out all of line 24 down to and including line 3 on page 16.

Mr. BONNER. A parliamentary inquiry, Mr. Chairman.

The CHAIRMAN. The gentleman will state it.

Mr. BONNER. Mr. Chairman, I should like to know where the Clerk is reading.

The CHAIRMAN. The Clerk is reporting the committee amendments printed in the bill in the order in which they appear there.

Mr. BONNER. I want to know where he is reading at this time; that is all I ask. I know the Clerk is reading them in order, but I should like to know just where in the bill he is reading.

The CHAIRMAN. The gentleman may ask unanimous consent for the amendment to be reported again.

Mr. BONNER. I do that, Mr. Chairman.

The CHAIRMAN. Without objection, the Clerk will report the committee amendment.

There was no objection.

The Clerk read as follows:

Committee amendment: Page 15, line 24, strike out all of line 24 down to and including line 3 on page 16.

The committee amendment was agreed to.

The Clerk read as follows:

Committee amendment: Page 16, line 4, strike out "(b)" and insert "(a)."

Page 16, line 11, strike out "(c)" and insert "(b)."

Page 16, line 13, strike out "(d)" and insert "(c)."

The amendments were agreed to.

The Clerk read as follows:

Committee amendment: Page 16, line 24, strike out all of line 24 down through and including the word "vessels" in line 24 and insert:

"(d) In section 509, which relates to shipping on United States vessels, insert '(except surplus agricultural commodities)' after 'commodities', and add the following sentence at the end thereof."

The CHAIRMAN. The question is on the committee amendment.

Mr. BONNER. Mr. Chairman, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. BONNER to the committee amendment: On page 17, lines 2 and 3, strike out the words "insert '(except surplus agricultural commodities)' after 'commodities', and."

Mr. RICHARDS. Mr. Chairman, will the gentleman yield?

Mr. BONNER. I yield to the gentleman from South Carolina.

Mr. RICHARDS. Mr. Chairman, everybody knows the issue involved here, I think. There is no use taking up time in making hour-long speeches as I heard one of the gentlemen say they would do.

Mr. Chairman, I move that debate on this section and all amendments thereto close in 20 minutes, the last 5 minutes to be reserved to the committee.

Mr. BONNER. Mr. Chairman, I do not yield for any such request.

The CHAIRMAN. The gentleman from North Carolina [Mr. BONNER] declines to yield for that purpose.

Mr. BONNER. Mr. Chairman, I ask unanimous consent that I may proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. BONNER. Mr. Chairman, it was not my purpose to speak in opposition to this foreign-relief bill. I was around here during the WPA days and the PWA days. I remember when it got to going

so strong it became professional, and Congress had a tremendously difficult time in ever stopping WPA and PWA. I am beginning to believe, Mr. Chairman, that this foreign aid of the State Department is beginning to be professional.

I have been around the world, I have been to all the countries in which this aid is being given. The only thing you hear in these countries is fussing and scrapping as to why some other country was given more than B country is receiving. It is a deplorable situation.

I have the highest regard and respect for all the Members in this House. My dear friend from South Carolina at times surprises me.

That is all I have to say about the bill.

It is my responsibility and the responsibility of the other 29 or 30 members of the Committee on Merchant Marine of the House of Representatives under the 1936 act passed by this Congress to perpetuate and keep strong the American merchant marine, recognized as the third arm of our national defense.

The great chairman of the Committee on Armed Services, the gentleman from Georgia [Mr. VINSON], and the distinguished gentleman from Missouri [Mr. SHORT] come before this House from time to time with authorization for the armed services. Everybody is interested. No one asks a question, hardly, because we all know we must have a strong national defense. The gentleman from Missouri is an able gentleman. He knows that the armed services cannot get along, cannot be sustained in the foreign nations in which we have bases today, unless we have the Military Sea Transportation Service and a strong American merchant marine. You just simply cannot perpetuate the armed services in foreign bases unless this condition is aided by the American merchant marine so as to have sufficient cargo ships, dependable service, and a nucleus of trained men, sailors, if you please, from which to expand in case of emergency.

This is the ninth occasion the members of the Committee on Foreign Affairs have come into this House to beat down the American merchant marine. You ask why I say that? This cargo is the largest cargo that moves on the sea today. You say, "Well, why don't you just subsidize the American merchant marine?" What do you want to do? Do you want to subsidize it? Do you want to subsidize the officers and sailors in the American merchant marine, and further tie up these ships down here in the James River or the Hudson River and give them nothing to do? That is just what you do if you take this cargo away from them.

Only this week we had the vice presidents of one of the great American lines before the committee and he said, "If this amendment carries it means immediately we will retire from 10 to 15 of the ships of our fleet of 30 vessels."

The Foreign Affairs Committee by this bill seems to forget American commerce. Apparently, their only interest seems to be in foreign merchant marines.

In connection with that, I will say to my fine friend the gentleman from Mississippi, and I really have the high-



est respect and regard for him and sincerely like him, I do not want to mention the name of any nation, but there is one great nation that wants America to withdraw its flagships from the high seas, and that nation requires practically all importers to direct that all merchandise coming into their industry be shipped under the British flag. Now, Mr. Chairman, I did not intend to say that, but that is the situation. As for cotton, I will tell you what the British did. You know there is one commodity that is a monopoly in Great Britain. They were negotiating a lump order down here at the Department of Agriculture for 3 or 4 commodities. All the commodities but 1 were shipped 50-50, but as to the 1 commodity—they said it had to go entirely under the British flag. Two gentlemen came to see me and said, "Won't you offer a resolution or something to change this 50-50 law?" I said, "No, the people would not want me to do that." So, Mr. Chairman, I do have a responsibility. I think the American merchant marine, by facts that can be shown in some of the records I have here, have subsidized the Commodity Credit to the extent of 444 vessels which are being used now by the Commodity Credit Corporation as storage for grain.

Mr. BOGGS. Mr. Chairman, will the gentleman yield?

Mr. BONNER. I yield.

Mr. BOGGS. The gentleman, as chairman of a very distinguished committee of this body, knows that last year your committee reported out legislation on this very point; is that not correct?

Mr. BONNER. It was considered in the House on the merits and the legislation was adopted.

Mr. BOGGS. And adopted by both bodies and signed by the President.

Mr. BONNER. That is right.

Mr. BOGGS. And now the Committee on Foreign Affairs attempts to change that basic law, which we passed last year?

Mr. BONNER. That is correct.

Mr. BOGGS. Does the gentleman know whether or not any hearings were held before either his committee or the Committee on Foreign Affairs on this issue?

Mr. BONNER. I do not think there were any hearings held before the Committee on Foreign Affairs, and I know there were not any hearings held before our committee.

Mr. BOGGS. There were no hearings held before your committee?

Mr. BURLESON. Mr. Chairman, if the gentleman will yield to me in order to answer that, we held hearings on that for about 7 years.

Mr. BONNER. Yes; and I will tell you what you did—it is in your report. You held a hearing, and the gentleman from Ohio [Mr. VORYS] made inquiry of a Mr. Paul on \$13 million, which is in the bill to pay freight, and he asked Mr. Paul what the 50-50 act would cost in respect to that \$13 million. Mr. Paul could not answer the question then, so later he sent down a memorandum showing it would cost \$55,000 to ship 50-50.

Mr. BOGGS. Since 1948, which I believe is the year of the first Marshall Act, we have had this fight, it seems to me, every year on the floor of the House of Representatives; is that correct?

Mr. BONNER. That is correct. That is the very reason the Committee on Merchant Marine and Fisheries reported out the bill making the 50-50 law apply to all American-generated cargoes.

Mr. BOGGS. And each time the fight has been won on the floor?

Mr. BONNER. Each time it has been won on the floor.

Mr. BOGGS. So this time the committee decided it will amend the basic law which we passed last year.

Mr. BONNER. Some people just like punishment. That is all.

Mr. MILLER of California. Mr. Chairman, will the gentleman yield?

Mr. BONNER. I yield.

Mr. MILLER of California. Will the gentleman call the attention of the House to the fact that he has been instructed by the Committee on Merchant Marine and Fisheries, after due deliberation, to oppose this legislation, which has been defeated nine times in this House.

Mr. BONNER. The resolution of the committee was inserted in the RECORD 2 days ago.

The CHAIRMAN. The time of the gentleman from North Carolina [Mr. BONNER] has expired.

(By unanimous consent (at the request of Mr. MILLER of California), Mr. BONNER was granted 5 additional minutes.)

Mr. BONNER. Mr. Chairman, there are 29 or 30 members of the committee, and there are many, many Members of the House who are deeply interested in this amendment.

Mr. MILLER of California. Will the gentleman yield again?

Mr. BONNER. I yield.

Mr. MILLER of California. Will the gentleman also tell the House that the Committee on Merchant Marine and Fisheries held extensive hearings under his direction last February to consider this thing thoroughly?

Mr. BONNER. That is correct.

Mr. MILLER of California. And we could not find any evidence that there was excessive cost brought about by the 50-50 law?

Mr. BONNER. But there was lack of interest by the responsible agencies in seeing that the 50-50 law worked as it should work, and we directed the agencies to hold meetings and get together so that this law could function.

Now, the act further states that if ships are not available at a fair and reasonable rate, then foreign vessels shall be used.

I yield now to the gentleman from Missouri, the ranking member of the great Committee on Armed Services [Mr. SHORT].

Mr. SHORT. Mr. Chairman, I do not want to trespass upon the patience of the Committee. I do want to say that it is refreshing and encouraging to find that the Committee on Foreign Affairs is paying a little attention to Asia.

I want to congratulate the gentleman from South Carolina [Mr. RICHARDS] and all members of his committee for the shift in emphasis that they have made. He is a very able and fine gentleman. But, Mr. Chairman, I am a little shocked that this Committee on Foreign Affairs would try to circumvent or come in the side door or the back door to force upon this House something we have spoken upon very definitely, especially since the legislation was considered by the Committee on Merchant Marine and Fisheries.

We all love HERB BONNER. I think he is talking good hard common sense. If you want to keep this country safe, let us keep a healthy, sound, going merchant marine. I am for the amendment offered by the gentleman from North Carolina [Mr. BONNER]. I think it is absolutely the best investment we could make, and I hope we all vote for it.

Mr. BONNER. I thank the gentleman.

Mr. Chairman, in granting a rule, the Committee on Rules made provision and left open in the rule provision so that points of order could be made against amendments affecting the 50-50 provision of shipping American.

Mr. BURLESON. Mr. Chairman, I rise in opposition to the amendment.

Mr. RICHARDS. Mr. Chairman, will the gentleman yield?

Mr. BURLESON. I yield.

Mr. RICHARDS. First, Mr. Chairman, I ask unanimous consent that the gentleman from Texas may proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. RICHARDS. Will the gentleman yield for an observation?

Mr. BURLESON. I yield.

Mr. RICHARDS. I just want to say for the information of the House, whatever the merits of the amendment may be, this great expert on navigation and shipping, is incorrect when he makes the statement that the Foreign Affairs Committee asked for a closed rule. He is also incorrect when he says that this House has ever taken a vote on the question of shipping in American bottoms related exclusively to surplus farm commodities. These surpluses have been growing every year. This is a new question.

The gentleman from Texas is a great student of this question. He is the man who offered the amendment in the Foreign Affairs Committee on this point which was adopted, and I want to commend him for the study he has made of the subject. The gentleman from North Carolina should sit down a little bit and listen to the facts about the agricultural problem that confronts his district as well as those catfish boats that sail up the Pamlico River.

Mr. BURLESON. I thank the gentleman and appreciate his compliments.

Mr. Chairman, I have no illusions about the immediate situation. I am facing a hostile audience, but that does not give me a great deal of concern. I do want you to hear a few facts from the



record. If the gentleman from North Carolina had yielded to me I would have asked him four simple questions which he could have answered "Yes" or "No." He might have converted me to his point of view if he had answered them consistently.

We have received many letters and telegrams saying it will wreck the merchant marine of the United States if we do not adopt this amendment. We have all received telegrams saying that it will be the death of the maritime industry and all that sort of thing unless we adopt this amendment. I assume my good friend from North Carolina subscribes to that language.

Now, if he had yielded to me I would have asked him a question but instead I am going to have to answer it myself. I would have asked him if he did not vote against the bill last year. This same amendment was adopted last year. The gentleman did not by his vote help keep 15 or 18 ships in operation as he says this provision does. He did not help keep all these people employed as he says this will do. The next question would have been, How is the gentleman going to vote on this bill today?

Mr. BONNER. If the gentleman will yield.

Mr. BURLESON. I am not yielding. The gentleman would not yield to me. I shall assume he is against the bill now and will not finally vote to carry out the provision he so ardently espouses in his amendment.

Mr. BONNER. The gentleman asked me a direction. I voted against the bill.

Mr. BURLESON. How is the gentleman going to vote on the bill today?

Mr. BONNER. I am going to vote against the bill. Do you want to know why?

Mr. BURLESON. That is just what I thought. I do not yield further.

So the gentleman will vote against the bill today even though his amendment is adopted, yet it becomes the life and death of the merchant marine according to his view and contention.

Now, Mr. Chairman, there is seemingly a disposition on the part of those who favor the cargo preferential clause to assume that those who oppose are unfavorable toward the maintenance of a strong merchant fleet.

Nothing could be further from the truth. Those of us who feel that this provision is unnecessary and unwarranted have no different view than that expressed by the President of the United States in his message to the Congress when he approved Public Law 664, August 26, 1954.

In that message the President said:

It appears that the major purpose of S. 3233—

Which later became Public Law 664—is to confirm on a permanent basis policies we have been following for a number of years. United States vessels are already carrying better than 50 percent of aid cargoes and cargoes resulting from the Government's stockpiling program. However, certain provisions of this legislation cause me concern and I hope the next Congress will reconsider them. I refer particularly to the provision with regard to currency convertibility which, as it applies to title I of Public Law 480, 83d

Congress, would handicap the disposal of United States agricultural products abroad, and to the provision with regard to offshore procurement which, by forcing United States vessels into trades in which they normally do not operate, could increase the cost of the aid program.

The President goes on to say in his message:

I am hopeful that the Department of Commerce study will result in some sound suggestions for the maintenance by direct means of a merchant marine adequate to the requirements of the United States. When this study is completed, I may wish to recommend additional changes in this legislation.

So the President of the United States, while recognizing the necessity of a strong and adequate merchant marine, expresses his deep concern that this provision is forced into the mutual security legislation.

The Randall Commission, on page 69 of its report, expressed its opposition to the preferential cargo provision and recommended its elimination. It also recognized the necessity for a strong merchant marine and referred to it, as has the Defense Department, as the "fourth arm of our defense."

The Acting Secretary of the Treasury, Mr. M. B. Folsom, expressed the official view of the Treasury Department toward the forced requirement which Congress in the past has imposed upon this legislation.

So, Mr. Chairman, there is no inclination on my part, and I am sure there is none on the part of any other Member of this body, to contend in the slightest degree that anything should be done which would injure or impair in any respect the health of the maritime industry. Contrarily, it has been the judgment of the Congress for many years to grant direct subsidies to the industry for not only construction of merchant vessels, but a direct subsidy to the operating companies.

Before someone should make the challenge that agriculture receives its share of subsidies, allow me to point out that regardless of guaranteed loan provisions and the price-support system for agriculture, there is no guaranty against the hazards of the elements which the farmer must constantly face. There are myriads of subsidies of various types and kinds, but I know of no subsidy which guarantees a percentage of return on investment other than the merchant marine. I know of no other industry which receives a fairer treatment.

The supporters of the 50-50 preference cargo amendment use such terms as "death knell" and "severe body blow" and other severe references to the welfare of our maritime industry should this provision not be sustained. But the President has said that regardless of this provision, "United States vessels are already carrying more than 50 percent of aid cargoes and cargoes resulting from the Government's aid program."

I again refer to his words of concern that the requirement contained in the preferential cargo provision will increase the cost of aid programs.

Now, Mr. Chairman, what has been the increased cost? In fiscal year 1953-54 under section 402 of the Mutual Se-

curity Act, the Foreign Operations Administration reports that the added cost was \$1,450,000. For the fiscal year 1954-55, the price differential between American ships and those of foreign tramp vessels was \$1,100,000.

Under the Agricultural Development Act, Public Law 480, the additional cost is more impressive. The cost in this instance is approximately \$13 million for transportation which could have been furnished by the recipient countries. Incidentally, \$13 million could have purchased an additional 80,000 bales of cotton or 8 million bushels of wheat.

There are impressive figures dealing with specific countries which illustrate the aid cost under present law. If any Member desires to see some comparisons on specific countries, I shall be glad to furnish it to them, but will not weight down the record unnecessarily.

Mr. Chairman, the added cost is not, in my opinion, the strongest argument involved in this issue. The strongest evidence against this amendment is to be found in the fact that there are about 13 nations who are capable and insistent on coming after their own cargoes purchased under the law. Under Public Law 480, we have been able to sell \$217 million worth of farm products to 13 countries, all of whom could have furnished their own transportation. The Commodity Credit Corporation was required to spend \$13 million for transportation which could have been furnished by these recipient countries.

Even a country unable to furnish its own transportation in many instances is able to employ the services of other maritime countries to transport their purchases to them, by reason of their peculiar monetary relationship. But under this provision, we insist on paying for this same transportation in American dollars.

May I cite you a direct example from an Associated Press news article in Copenhagen on April 5, 1955:

Denmark has refused to buy \$7 million worth of United States surplus foodstuffs because half of it must be shipped in American ships.

Turning down the latest American offer, the Danish Government said yesterday it felt that trade in the free world should flow freely and that shipping should not be subjected to clauses reserving special rights for any nation.

Mr. Chairman, the most highly reliable information is to the effect that Denmark was forced by this situation to purchase food grains from the Soviet Union. This situation has been repeated in a number of instances. To insist that American ships deliver purchased cargoes to countries like Denmark, the other Scandinavian countries, the British, and a number of others whose chief industry is shipping, is like insisting that a diesel engine purchased by the Pennsylvania Railroad be delivered by truck.

Mr. Chairman, this is not all of the ill effects surrounding the Cargo Preference Act. It has had the effect of constricting competition. The American tramp steamer rates have risen from an average of \$13 a ton to near \$17 a ton, or just about on par with the American flag vessels. This is the result of their knowing



that the business is there for them. Likewise, the foreign tramp vessel can and have jacked his price up, although remain approximately \$3 below that of American vessels, and reap a tremendous margin of profit. These added costs are not used in the figures I have previously quoted, because they can only be estimated on conditions which would prevail if this provision was not in force.

Mr. Chairman, the amendment under discussion jeopardizes the movement of agricultural surplus commodities which are a capital asset of the American Government. It restricts our market outlets and seriously impedes and contradicts the sense of the Congress expressed in Public Law 480. It is losing markets for American products and restricts competition in the shipping industry.

It is perfectly true that on the surface it is not possible for the United States Maritime Service to compete with foreign shipping. It is equally true with many other industries, and therefore, we have a system of tariffs and quotas. But mainly American industry competes with foreign industry, whether it be agriculture or any other business, on the basis of quality, dependability, and integrity. In this instance the philosophy of reciprocal trade is involved, and so is the proposition of "trade, not aid," to which I think a large majority of this Congress subscribes.

If we permit free competition; if we follow the provisions of Public Law 480 to extend and expand world markets for agricultural products; if we recognize the necessity of maritime nations to transport their own cargoes, trade will increase. The American merchant marine will share in that increase and regardless of world competition in shipping, our own maritime industry, in my opinion, will receive its share and more under these circumstances. Again I remind you that the President of the United States has stated that it has been receiving more than 50 percent, and no doubt it will continue to do so.

Mr. Chairman, I trust the amendment will be defeated.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. BURLESON. I yield to the gentleman from Minnesota.

Mr. JUDD. Did we not get testimony from General Gruenther that when criticism came to him because one of the countries we are helping in Europe was buying many thousands of tons of wheat from a Communist country, he approached the country to ask why it was buying wheat from this Communist country instead of from the United States? The country replied that if it bought the wheat from the United States it would have to spend precious dollars not for grain but for shipping in American bottoms, although it itself has a large merchant marine. It would prefer to buy wheat from us if it could ship it in its own vessels. But if not, then it had no choice but to buy from Russia or the satellites. This provision definitely cuts down our shipments of grain.

Mr. BURLESON. That was the fourth point. There is no question about that. On April 5 of this year Denmark canceled an order for 7 million bushels of

wheat. And, where did she go to satisfy her needs? She could not go any place except possibly to Canada, but she did not. The Soviet Union was her unwilling choice. The British canceled an order amounting to \$31 million in value for agricultural commodities because she could not send her own ships for it.

Mr. MORANO. Mr. Chairman, will the gentleman yield?

Mr. BURLESON. I yield to the gentleman from Connecticut.

Mr. MORANO. Is it not true that the American merchant marine companies are reluctant to carry this surplus commodity cargo and thereby have delayed the disposal of surplus commodities?

Mr. BURLESON. I do not know that they were reluctant to carry it, but it was delayed. There was a bottleneck. You deny that there was a bottleneck, but there is testimony supported by the gentleman. He says in effect there was a bottleneck because some of this stuff came into the ports which they could not move. They knew that they could get their own price for moving it, and it is costing money every day.

Mr. MORANO. They call this a 50-50 law. Is it not a fact that the law says at least 50 percent, so that sometimes it goes up to 90 percent?

Mr. BURLESON. Of course, that is correct and the President confirmed that fact by his statement in signing Public Law 664.

Mr. DODD. Mr. Chairman, I move to strike out the last word.

Mr. RICHARDS. Mr. Chairman, will the gentleman yield?

Mr. DODD. I yield to the gentleman from South Carolina.

Mr. RICHARDS. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 20 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from South Carolina?

Mr. BONNER. I object, Mr. Chairman.

Mr. RICHARDS. Mr. Chairman, I move that all debate on this amendment and all amendments thereto close in 20 minutes.

The motion was agreed to.

The CHAIRMAN. The Chair recognizes the gentleman from Connecticut [Mr. DODD].

Mr. DODD. Mr. Chairman, I listened carefully to the remarks of the gentleman from North Carolina [Mr. BONNER] when he was addressing the House, at which time he talked about the whole Committee on Foreign Affairs. I would remind the gentleman, whether he knows it or not, that there was a rather close division in the committee on this question. But I would also suggest that these intemperate words about brainwashing our chairman and about this committee lacking concern for the welfare of this country are not likely even to hold the votes on his side that were in the committee.

We had quite a considerable discussion on this question, and my recollection is that there was a 1-vote margin, perhaps 2. I am not sure, but it was very close.

I can assure the gentleman that our chairman has not been brainwashed nor have any of the members of the com-

mittee and that no members of this committee have lost interest in the United States.

The CHAIRMAN. According to the list of Members who have indicated a desire to speak and the time fixed, Members will be recognized for one-half minute each.

The Chair recognizes the gentleman from California [Mr. MAILLIARD].

Mr. MAILLIARD. Mr. Chairman, I ask unanimous consent that I may yield my time to the gentleman from Washington [Mr. TOLLEFSON].

The CHAIRMAN. Is there objection to the request of the gentleman from California?

Mr. MASON. Mr. Chairman, I object. I shall object to any proposed transfer of time.

Mr. MAILLIARD. Mr. Chairman, I yield to the gentleman from Washington [Mr. TOLLEFSON].

Mr. TOLLEFSON. Mr. Chairman, this happens every time this matter comes up. Time is limited so that we do not have an opportunity to explain our position. The House has spoken on this matter nine times overwhelmingly, and there is no reason on record now why the House should not do the same thing again. I wish I had time to answer the statements made by the gentleman from Texas [Mr. BURLESON] with respect to the effect of the 50-50 program upon this situation.

The CHAIRMAN. The time of the gentleman from California [Mr. MAILLIARD] has expired.

The Chair recognizes the gentleman from California [Mr. YOUNGER].

Mr. YOUNGER. Mr. Chairman, I am glad to yield to the senior member of our committee, the gentleman from Washington [Mr. TOLLEFSON].

Mr. TOLLEFSON. Mr. Chairman, the facts are that our hearings, which were held just a couple of months ago, indicated the effect of the 50-50 program upon the disposal of surplus agricultural products and showed that that effect was nil. Spokesmen from the Department of Agriculture who were in favor of our program had to admit that the total difference in cost, if all our products were shipped in American tramp ships, would only be \$14 million, and that it would drop below that figure depending on the extent to which cargoes were carried on liner vessels. The rates on American and foreign liner vessels are exactly the same.

The CHAIRMAN. The time of the gentleman from California [Mr. YOUNGER] has expired.

The Chair recognizes the gentleman from California [Mr. SHELLEY].

Mr. SHELLEY. I am for the Bonner proposal, and I yield to the gentleman from Washington [Mr. TOLLEFSON].

Mr. TOLLEFSON. Mr. Chairman, the facts are that the program does not cost any more if the cargoes are shipped on liner services. The liner service rates on foreign-flag ships are exactly the same as the liner rates on American-flag ships. The only difference in cost occurs when tramp ships are used. It is estimated that only 20 percent of these cargoes will be carried on tramp ships, and if only one-half of that would be carried



on American tramp ships it can readily be seen that only 10 percent of the total cargoes would be shipped on American tramp vessels. Based on present tramp rates it would cost under \$2 million more to use American ships 50 percent of the time. That figure was arrived at by a research group which looked into this matter.

The CHAIRMAN. The time of the gentleman from California [Mr. SHELLEY] has expired.

The Chair recognizes the gentleman from California [Mr. ALLEN.]

Mr. ALLEN of California. Mr. Chairman, I, also, favor the position taken by the gentleman from North Carolina, [Mr. BONNER] and I yield to the gentleman from Washington [Mr. TOLLEFSON].

Mr. TOLLEFSON. Additional facts are that the disposal program has not been delayed by the 50-50 law. The committee's own record with respect to the disposal of the products would indicate that more than 50 percent of the \$700 million involved in the surplus agricultural products disposal program of last year has already been committed in the first year, and it is a 3-year program.

The CHAIRMAN. The Chair recognizes the gentlewoman from New York [Mrs. KELLY].

Mrs. KELLY of New York. Mr. Chairman, I am for the Bonner amendment. I yield my time to the gentleman from Washington [Mr. TOLLEFSON].

Mr. HOFFMAN of Michigan. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. HOFFMAN of Michigan. That is against the rules, unless the gentlewoman comes to the well.

The CHAIRMAN. The gentlewoman from New York may yield to the gentleman from Washington.

Mr. HOFFMAN of Michigan. The point of order is that she can address the Chair and ask to be recognized and get recognition, and then yield to the gentleman from Washington.

The CHAIRMAN. The gentlewoman addressed the Chair. She now yields to the gentleman from Washington.

Mrs. KELLY of New York. I yield to the gentleman from Washington.

Mr. TOLLEFSON. The gentleman from Texas made reference to the President's message. The administration bill did not contain this provision this year or last year. The administration is not asking for the provision in the bill that the Foreign Affairs Committee seeks to put into it. The administration is supporting the 50-50 legislation. The President signed it last year, and we have it on authority this year that the administration is still supporting it.

The CHAIRMAN. The time of the gentlewoman from New York has expired.

The Chair recognizes the gentleman from Washington [Mr. TOLLEFSON].

Mr. TOLLEFSON. Mr. Chairman, propaganda against the 50-50 legislation which has been spread around this country has emanated from foreign nations, the maritime nations, and I so stated in my speech on the floor yesterday. I tried to point out the activities of the

foreign nations who have tried to upset our 50-50 program. It may be that some of them have said, "We won't buy," but the facts are that they have bought.

Mr. BURLESON. Mr. Chairman, will the gentleman yield?

Mr. TOLLEFSON. I yield to the gentleman from Texas.

Mr. BURLESON. I would like to be straightened out if I am incorrect about what the President said. He was talking about the permanent law, Public Law 664, when he signed it into law.

Mr. TOLLEFSON. The fact is that the administration bill did not carry the provision against the 50-50 legislation to which the gentleman referred.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. BYRNE].

Mr. BYRNE of Pennsylvania. Mr. Chairman, I am for the Bonner amendment. I yield to the gentleman from Washington [Mr. TOLLEFSON].

Mr. TOLLEFSON. I thank the gentleman. I do not think I have ever had an experience such as this.

I do want to impress on the House that there have been those individuals who have succumbed to the foreign propaganda. As I stated a moment ago, there has been committed under the surplus agricultural products disposal program some \$400 million or \$450 million worth of commodities in the first year, and it is a 3-year program. According to the estimate we had made, the cost would not in the final analysis exceed \$2 million for the whole \$700 million disposal program. I trust that the House Members will support the Bonner amendment.

Mr. RAY. Mr. Chairman, it has long been the national policy to have and maintain an adequate and strong merchant marine, privately owned and operated and modern and efficient. Such a merchant marine must be large enough to carry a substantial part of foreign commerce to and from this country in times of peace and to meet the national-defense requirements in case of emergency.

Except for the years of World War II, we have subsidized construction and operation of merchant ships, both cargo and passenger and the appropriation this year will carry approximately \$100 million for that purpose. Subsidy payments have been increasing rapidly since World War II but a part of the recent increase is due to the fact that for several years, we did not make any payments to meet our subsidy contract obligations which had matured. Even allowing for that fact, the increase has been large and will be larger as time goes on, unless we change our policy or find better ways of carrying out that policy than we have so far discovered.

The Merchant Marine and Fisheries Committee has been holding hearings to get at the causes and canvass all possible remedies for this worsening situation of the merchant marine. Those hearings will continue for some time, but it seems clear already that if we are to maintain our national policy, we will either have an increasingly heavy load of subsidies or we must find cargo business for our merchant fleet.

One of our resources as a nation is control over the shipping of large quantities of cargo coming to or going from this country. That resource has not been effectively used. We must mobilize to make sure that enough of that cargo uses American-flag ships to reduce instead of increasing the amount of our subsidy bills.

It is merely silly for us to pay increased subsidies which could be avoided by shipping Government cargoes in American vessels. The bill before us seeks to do just that. The amendment proposed by the gentleman from North Carolina [Mr. BONNER] should be passed and I hope it will be adopted by an overwhelming vote.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. RADWAN].

Mr. RADWAN. Mr. Chairman, I rise in support of the Bonner amendment.

On nine occasions since 1948, legislation covering Government-generated cargoes has provided that at least 50 percent thereof move on United States flag vessels. Last year, in Public Law 664, Congress applied this historical principle to all Government cargoes including agricultural surpluses which are financed directly or indirectly by United States public funds.

The Mutual Security Act of 1955, S. 2090, as reported by the House Foreign Affairs Committee, eliminates the 50-50 shipping clause from the shipment of agricultural commodities not only under that act but also under Public Law 480, the Surplus Agricultural Disposal Act.

I believe that if we permit the elimination of the 50-50 provision it will have a disastrous effect upon American shipping. I believe in a fair participation for Government generated cargoes as the most practical support for American ships. Both American agriculture and the American merchant marine are essential to a healthy American economy. They have a mutual interest in foreign trade-foreign aid-surplus disposal. I am satisfied that the 50-50 formula has worked out fairly to both sides of those interested in the present controversy. I find it very difficult to understand how the 50-50 formula has impeded the surplus agricultural program. About 70 percent of the 3-year authorization was committed in the first year, 14 nations having purchased \$425 million worth of agricultural surplus.

Nor can I subscribe to the rumor that foreign nations will not purchase our agricultural surplus if 50-50 is applied, because this program is evidently well ahead of schedule. As a matter of fact, there are claims that the unavailability of American ships would slow down the program.

Cargo preference—50-50—does not increase the cost to the purchasing country. All transportation is paid for by the purchasing nation at not more than world market rates regardless of the flag of the carrier. Eighty percent of these cargoes will move on liners and can be transported on American ships at the same cost as on foreign flag vessels.

I strongly urge the adoption of this amendment not only in the national in-



terest but also in the best interest of this mutual security program.

Mr. BECKER. Mr. Chairman, will the gentleman yield?

Mr. RADWAN. I yield to the gentleman from New York.

Mr. BECKER. Mr. Chairman, I support the Bonner amendment. The American merchant marine is vital to both the economic and national defense of the United States. For many years, I have fought for a merchant marine that would be second to none in the world. During our past wars, without it, we would have been lost completely. At a time such as this when we are giving billions of taxpayers money away to foreign countries I can see no reason why at least 50 percent of the goods we are giving away should not be shipped in American ships. This not only keeps our ships active, but also keeps our merchant seamen busy and working and able to support themselves and their families. Ships that are used to store wheat and lying in the rivers in our country do little for our merchant seamen and do the ships little good.

This is one time where the Members of the House have an opportunity to express ourselves on behalf of the shipping industry and members of the merchant marine. Our American shipping industry has come to the fore in every war and done a magnificent job; this is the least we can do to help keep it going. I sincerely hope the Bonner amendment is adopted.

The CHAIRMAN. The Chair recognizes the gentleman from Mississippi [Mr. SMITH].

Mr. SMITH of Mississippi. Mr. Chairman, I realize that the merchant marine subsidy will roll over the House in a few minutes, but I hope that you merchant marine people next year will look back and consider something that can be done to dispose of these agricultural surpluses we have. You are helped by it. We want to use your seaports, we want to ship, but what you are doing here, and the evidence shows it, is helping us to pile up these surpluses at a cost of billions of dollars.

The CHAIRMAN. The Chair recognizes the gentleman from Washington [Mr. PELLY].

Mr. PELLY. Mr. Chairman, I have studied this thing, and I think I can present it to you in the time allotted to me. Our ship subsidy amounts to about \$100 million a year. Every time we send American-flag goods in American bottoms it just cuts down the subsidy that amount. This program actually is going to save the American taxpayers money.

I am not going to take any more of your time. I am sure that the Committee here will sustain the point of sending American cargoes in American-flag bottoms.

The CHAIRMAN. The Chair recognizes the gentleman from California [Mr. MILLER].

(Mr. MILLER of California asked and was given permission to revise and extend his remarks.)

Mr. MILLER of California. Mr. Chairman, I urge the adoption of the amendment offered by the gentleman from North Carolina [Mr. BONNER], the

chairman of the Committee on Merchant Marine and Fisheries. He would strike from the bill under consideration, S. 2090, which amends and extends the Mutual Security Act, those two sections of it which, in effect, would repeal the Cargo Preference Act—the so-called 50-50 law. The Cargo Preference Act requires that American-flag vessels carry at least 50 percent of the cargoes generated under the Mutual Security Act.

Why are we considering the Mutual Security Act which authorizes the expenditure of hundreds of millions of dollars on behalf of our allies? It is to strengthen them morally, economically, and militarily. They are indispensable to us in the fight against the tenets of godless communism. We justify this vast expenditure on the grounds of national defense. Our own self-interest is the prime motive for our action.

Let me point out to you—and I know you will agree—that an adequate, modern merchant marine is an integral and indispensable element in the defense effort. It has been rightly called the fourth arm of our defense.

You and I know that the lack of shipping in two world wars delayed our maximum participation in them until it could be supplied. The lack of shipping prolonged both World Wars I and II with the attendant sacrifice of life and at great suffering not to say anything about the additional cost in dollars.

A great many statements have been made in support of the offensive provisions in the mutual security bill that cannot be supported in fact.

Someone has said that the Cargo Preference Act retards the shipment of American surplus farm products to our friends and allies.

This is a fiction.

If the cargo moves in the regular steamship trade, that is on the scheduled liners on established trade routes, it moves at a tariff fixed by an international conference. All lines make the same charges under like conditions.

If it moves in "tramp ships" it moves at the market rate at the time of charter. Severe competition determines this rate.

Someone has said that the Mutual Security Act is not to be construed as a subsidy for the American merchant marine. I agree but the maintenance of the American merchant marine as a fourth arm of our defense is as important as any other facet of it. Its maintenance bears a strong relation to defense just as does the Mutual Security Act.

What would happen if our friends across the seas were attacked and we did not have the ships and the facilities to support shipping to come to their aid? The Mutual Security Act should not be used to indirectly subsidize any section of our economy be it shipping or agriculture. If it can incidentally help either of them, I see no harm in it.

The Committee on Foreign Affairs wrote the two offensive sections into this bill without thoroughly examining the facts. No hearings were held on which to base judgment.

Now let us see what the Committee on Merchant Marine and Fisheries did.

The chairman, alert to the situation and in anticipation of the attempt that would be made to repeal the 50-50 law, caused hearings to be held early this year.

The committee explored the whole question. It had representatives of Foreign Operations Administration, Agriculture, and other agencies involved, including the Maritime Administration before it. It questioned them closely. It had representatives of the shipping lines both the regular and tramp.

Its hearings were comprehensive. It filed a report (No. 80, February 28, 1955) with the House.

It found that there was lack of cooperation and coordination among the agencies of the Government having to do with the shipping of mutual aid cargo.

It found that in some instances Government agencies were allowing representatives of foreign governments to arrange for the shipment of relief cargo.

It recommended that the executive agencies administering export and import programs should exchange information and plan their activities in the transportation field so as to effect a more economical operation and a more effective administration.

It urged the Maritime administrator to undertake to publish rates for the guidance of agencies arranging cargo shipments and in determining from time to time whether the United States flagships were available at fair and reasonable rates.

It made other important recommendations too lengthy to detail here but contained in the report.

In support of the Merchant Marine and Fisheries Committee findings, may I direct your attention to page 778 of the hearings on the present bill.

Here it is brought out that there is only \$55,000 additional cost in shipping American in items involving an expenditure of \$13 million.

Again, let me state that we have no positive information that there has been undue delay or excessive cost as a result of the Cargo Preference Act.

The Cargo Preference policy has been on the statute books for some time. It is not a new thing. This Congress has expressed its will on this subject on nine occasions.

You know the value of a merchant marine to our Nation.

You know that the Cargo Preference Act—the 50-50 law, has stimulated it.

You are all too cognizant of the fact that we cannot afford to lose the "know how" of the sea or to allow our shipbuilding and repair facilities to fall into decay. There is evidence before the Merchant Marine and Fisheries Committee that the 50-50 law stimulates it.

American shipping is in competition with foreign shipping at a disadvantage.

We must compete with cheaper labor and primitive living conditions at sea.

In order to keep the American Flag in a favorable position on the oceans of the world, and in our own self interest I urge the adoption of the amendment that will preserve the Cargo Preference Act.



The CHAIRMAN. The Chair recognizes the gentleman from Maryland [Mr. DEVEREUX].

Mr. DEVEREUX. Mr. Chairman, there is no question about the fact that this would be a serious blow to our merchant marine. There is no question in my humble judgment that if we stand up for some of our own enterprises and our own merchant marine, we will gain the respect of the countries throughout the world. Every time we give way to pressure from foreign interests, we lose their respect.

The CHAIRMAN. The Chair recognizes the gentleman from Louisiana [Mr. Boggs].

Mr. BOGGS. This matter, as the chairman of the Committee on Merchant Marine and Fisheries pointed out, has been debated in this body time and time again. I believe we have established a policy that our own fleet, the American merchant marine, should carry 50 percent of our own Government cargoes. That is all that is really involved here—50 percent of the products that the Government is making available to other nations throughout the world. I do not believe that we could have any more generous proposition. Mr. Chairman, I support the Bonner amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Florida [Mr. CRAMER].

(Mr. CRAMER asked and was given permission to revise and extend his remarks.)

Mr. CRAMER. Mr. Chairman, I would also like to point out it is my understanding from testimony before the Committee on Merchant Marine and Fisheries that in any major military movement of cargo overseas, it requires a minimum of 1,700 vessels to do the job. The testimony further shows that there are only about 1,400 such vessels available at this time in the American merchant marine. That, in itself, I think, justifies continuing the full implementation of the Cargo Preference Act.

The CHAIRMAN. The Chair recognizes the gentleman from California [Mr. SISK].

Mr. SISK. Mr. Chairman, I hesitate to oppose the committee. I have supported them for the last 3 days, but I think on this particular occasion, I find it necessary to oppose them because, although I come from an agricultural district where surpluses are important, certainly it is important that we maintain our American merchant marine and keep the American flag on the high seas throughout the world.

The CHAIRMAN. The Chair recognizes the gentleman from Iowa [Mr. GROSS].

Mr. GROSS. To those who think this program may be leveling off, I want to call attention to the hearings on page 136 which show that the Committee on Foreign Affairs is organizing a group of Members now to go to Ceylon to find out how much money that country wants.

The CHAIRMAN. The Chair recognizes the gentleman from Virginia [Mr. HARDY].

Mr. HARDY. Mr. Chairman, my support for foreign aid authorization has been strictly in the interest of the de-

fense of our Nation. I consider that the American merchant marine is just as important to the defense of the Nation as foreign aid, and therefore I think the Bonner amendment should be adopted.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. DORN].

Mr. DORN of New York. Mr. Chairman, I am not only supporting the bill before the House at the present time, but I am also supporting the Bonner amendment. There is no question in my mind that if we are going to have an American merchant marine, it is essential that this amendment be adopted. Those of you who feel that this amendment should not be adopted, certainly are turning your backs on the American merchant marine and building up the foreign merchant marines in favor of our fourth arm of defense.

(Mr. DORN of New York asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The Chair recognizes the gentleman from Massachusetts [Mr. PHILBIN].

(Mr. PHILBIN asked and was given permission to revise and extend his remarks.)

#### MUTUAL AID BILL AT LEAST 50-50 FOR AMERICAN MERCHANT MARINE

Mr. PHILBIN. Mr. Chairman, failure of this mutual-aid legislation to provide that at least 50 percent of Government-generated foreign cargoes shall be carried in American vessels would sharply and unwisely reverse the policy this Congress has followed in this matter since 1948.

Only last year Congress directed that the 50-50 principle be applied to all agricultural surpluses financed directly or indirectly by United States public funds when moving in foreign maritime commerce. I cannot conceive of the reasons which prompted the committee to eliminate this clause in favor of American shipping.

There are some groups, I know, who follow and accept the extreme free-trade view that all American commerce should move in ships holding out the most favorable rates. In my opinion, such a policy is, not only unsound, but, if carried out, would be extremely harmful to the American merchant marine. Moreover, shipping rates are now largely uniform under international agreements.

On numerous occasions, I have made clear my unalterable view that American goods should move in world commerce, whenever possible, in American bottoms. There are many reasons for such a policy:

First, the national security dictates that we have a strong, prosperous, versatile, and convertible merchant marine.

Secondly, our merchant marine is an integral part of the American economy and, like every other part, it must be given encouragement and, when necessary, assistance.

Because of the peculiar urgency of shipping in wartime or emergency, subsidization of the merchant marine becomes necessary in such periods and, of course, there is also, in my opinion, complete justification for substantially subsidizing the merchant marine if this is

necessary to make it what most Americans want it to be—a strong, vigorous, functional representative of our American business system.

It is well known that wages and operating costs of foreign vessels are much lower than our own since no foreign vessels maintain the high standards of pay, labor conditions, and operating efficiency as our own American ships. The elimination of the 50-50 provision means in effect that this Congress is disapproving these high standards and favoring the lower standards of foreign ships. I cannot subscribe to such a result. It would not have been unfair indeed, if we had provided that all United States Government shipping be carried in American ships. In enacting the 50-50 clause, I think that we were leaning over backwards to evidence our intention to assist foreign shipping. There can be no doubt that in doing so we are withdrawing substantial patronage from American shipping and this is indeed a curious result for an American Congress to reach.

Some claim has been made that the 50-50 policy has injured and obstructed our agricultural surplus disposal program, but careful study does not bear out this assertion since 70 percent of the 3-year authorization was committed in the first year and \$425 million worth of our agricultural surplus was sold to 14 foreign nations in that period.

Neither do I believe that there is substance to the claim that foreign nations will not purchase the agriculture surplus if the 50-50 formula is applied. As pointed out above, that program is already well ahead of schedule and it is in essence so attractive to buyers throughout the world in that it affords such unprecedented bargains. Everything considered it will continue to bring reasonable foreign markets for these agricultural products.

All the evidence presented before the House Merchant Marine and Fisheries Committee appears to indicate that American shipping can adequately meet all the requirements of the program without undue delay. World market rates prevail regarding this transportation and, therefore, the 50-50 formula would not substantially increase the cost of the products to the purchasing countries. It is also true that 80 percent of these cargoes can move on liners and at the same cost on American ships as on foreign ships.

Moreover, there are some countries purchasing our surplus commodities that do not have sea transportation to carry their own purchases and neither do they have the exchange dollars to pay for ocean transportation. As to such cargoes, the transportation costs will have to be borne by our own government and that part is but 2.9 percent of the whole program to date.

Since about two-thirds of all foreign exchange currencies received by us to date, under the Agricultural Disposal Act, have been returned overseas for the account of foreign nations, these transactions stand on their own feet as partial grants-in-aid and cannot be regarded as regular commercial transactions.

I believe firmly that this great Nation should have a merchant marine com-



mensurate with the importance of our economy in world trade and adequate for our security needs. In a real sense, the merchant marine is, not only a vital part of our economy, but virtually an indispensable arm of the national defense. We cannot afford to permit it to languish and wither. Congress must preserve and expand its strength, its vigor and its scope to meet all our needs—economic and military. In fact, we should proceed to implement a merchant marine policy and program designed for these purposes.

I will, therefore, support the 50-50 clause and all other measures looking toward the development and strengthening of our American merchant marine.

The CHAIRMAN. The Chair recognizes the gentleman from North Dakota [Mr. BURDICK].

Mr. BURDICK. Mr. Chairman, I yield back my time. Let anybody get it who can get it.

The CHAIRMAN. The Chair recognizes the gentleman from Georgia [Mr. DAVIS].

Mr. DAVIS of Georgia. Mr. Chairman, I want to ask the gentleman from Texas [Mr. BURLESON] a question. The gentleman referred to the cancellation of a \$31 million wheat order by Great Britain. I want to know, for my own information, whether that was a purchase or was it a grant?

Mr. BURLESON. It was under section 480 of the Agricultural Disposal Act. If I said "wheat," I meant to say "surplus farm commodities." It was not all wheat, because they buy some wheat from Canada.

The CHAIRMAN. The Chair recognizes the gentleman from Maryland [Mr. MILLER].

Mr. MILLER of Maryland. Mr. Chairman, it is not a good time to change something that has become an accepted national policy by this indirect approach in a bill on another subject. You have heard the leaders of the Committee on Merchant Marine and Fisheries, which has given this matter careful study, explain how serious it might be to take this action.

I therefore urge that the Bonner amendment be adopted.

The CHAIRMAN. The Chair recognizes the gentleman from Texas [Mr. THOMPSON].

Mr. THOMPSON of Texas. Mr. Chairman, just in case somebody is worried about our steamship lines being subsidized, I invite attention to the fact that all of the major merchant marines of the world are subsidized. This is a question whether you want us to spend part of our money on our own people or spend it all on some other subsidized merchant marine.

I support the Bonner amendment.

The CHAIRMAN. The Chair recognizes the gentleman from California [Mr. JOHNSON].

Mr. JOHNSON of California. Mr. Chairman, we have a very fine inland port in Stockton, Calif., which was built by the Army engineers and completed in 1933. We developed considerable traffic before the beginning of the Second World War, at which time the port was

taken over by the Army. Millions of tons of military cargo were shipped out of the port of Stockton.

When the port was turned back to the Stockton Port District it again began to develop cargo business. Provision was made for enlargement of the turning basin.

But soon it became apparent that the shipping going through the Golden Gate was declining in volume. Consequently we are doing our best to develop commercial trade, but are having great difficulty in doing so. It is for this reason that I am in favor of the Bonner amendment which would require that half of the shipments provided for in the Mutual Assistance Act to foreign countries should be carried in American vessels. This principle has been approved nine times by the Congress and we think it should again receive our complete support.

The CHAIRMAN. The Chair recognizes the gentleman from Oklahoma [Mr. EDMONDSON].

Mr. EDMONDSON. Mr. Chairman, it has been less than 15 years since our Nation learned a painful and costly lesson regarding the vital importance of a strong American merchant marine to the defense of our country.

We were almost brought to our knees in the early years of World War II by the Nazi submarine attacks on an inadequate merchant marine force. We learned the lesson then: that merchant vessels are an integral part of any effective defense effort that involves overseas action. As we spend billions for other phases of our defense effort, let us not forget this life-and-death lesson from World War II.

Let us support the Bonner amendment and keep our merchant marine strong, for the strength of the Nation.

(Mr. EDMONDSON asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The Chair recognizes the gentleman from North Carolina [Mr. BONNER].

Mr. BONNER. Mr. Chairman, I yield to the gentleman from Maryland [Mr. GARMATZ].

Mr. GARMATZ. Mr. Chairman, the mutual-security bill which has been reported out by the House Foreign Affairs Committee includes along with its many provisions for aiding friendly nations a drastic and unwarranted requirement which would seriously harm the American merchant marine and cause further joblessness among American seamen.

As a ranking member of the House Committee on Merchant Marine and Fisheries, I am unalterably opposed to this provision and I call upon the House to delete it from the bill. It carries to a ridiculous extreme an overly solicitous consideration for foreign shipping interests at the expense of our own merchant marine, which, as everyone here knows, has been having a very rugged time in keeping afloat at all.

We have expressed the will of Congress not once or a few times, but many, many times that we want to see our own American-flag ships receive at least 50 percent of the cargoes which represent American

gifts, American aid, American help for other nations. Is that asking too much for our own hard-pressed merchant marine? Of course not.

We wrote that provision into all of the postwar-aid bills—the Economic Cooperation Act of 1948, and the subsequent Marshall plan bills, the Korean Aid Act, the Yugoslavia Emergency Relief Assistance Act of 1950, the India Emergency Food Aid Act of 1951, the Mutual Defense Assistance Act, the Mutual Security Act of 1951, the Pakistan wheat bill. We then wrote it into permanent law last year.

And we made it crystal clear, Mr. Chairman, that we meant it to apply not only to direct relief shipments, not only to direct military or defense-related or other types of shipments from the United States to these other countries we wanted to help, but that we meant it to apply, too, where we purchase or aid in the purchase of offshore supplies for friendly countries which are the beneficiaries of our military and economic assistance.

The provision to cover such transactions involving American aid shipments between foreign countries, even when there is payment in the currency of the beneficiary country, was expressly written into permanent law after a loophole had been found by some Government agencies not in sympathy with the needs of the American merchant marine. So we closed that loophole. The Attorney General has so advised the President, the loophole is closed.

Now the administration is in here in the name of mutual defense and with vigorous assistance from the Department of Agriculture to knock this whole provision out of the permanent law and thus allow these same agencies to go back to their old policies of favoring foreign shipping over American shipping in these offshore cargoes and in the shipment of surplus agricultural commodities.

The strategy of bringing in the Agriculture Department is most interesting. The idea is presented that unless this change is made, shipments of surplus agricultural commodities from the United States will be hampered. In other words, the implication is made that these foreign countries would not accept surplus foods on tremendously attractive if not entirely free terms, unless we pay these countries to haul the food in their own ships, and rule out the use of American ships for any portion of the shipments.

MARITIME ADMINISTRATION HAS TO READ ABOUT IT IN NEWSPAPERS

As a matter of fact, Mr. Chairman, a news story inspired by the administration was put out earlier this year to the effect that the administration's plan for selling farm surpluses abroad—at, remember, very, very attractive discount prices—was running into a bottleneck because of this ship-American provision of the law, "informed sources said."

The reported who wrote the story was undoubtedly doing a good job of getting out an exclusive inside story. Every reporter likes to come across these hot inside pieces. My complaint is not with



the reporter of the story, but rather with its inspired origin.

The charge was made in this leaked news tip, Mr. Chairman, that there were not enough American ships available to assure that 50 percent of the surplus food cargoes could go in American bottoms, but that in trying to get enough American shipping to comply with the law the Department of Agriculture ran the risk of having foreign ships then available get tied up in other contracts.

The interesting thing about this planted scare story, Mr. Chairman, intended to discredit the ship-American law, was that the Maritime Administrator had never even been approached by the Department of Agriculture to find out whether ships were in fact available or on what terms. The Maritime Administrator read about this supposed crisis in the newspapers.

Here is what the then Maritime Administrator, Mr. Louis S. Rothschild, testified to before our committee in relation to this matter:

We were not advised by the Department of Agriculture of its problem respecting the prospective unavailability of United States flag vessels at fair and reasonable rates. However, we did read in the newspapers that there was such concern, and together with your chief counsel of this committee, Mr. Casey, and at his request, we met with him and representatives of the Department of Agriculture and had a rather lengthy discussion on the matter.

Subsequently, Mr. Chairman, Mr. Charles H. McGuire, Director of the National Shipping Authority, told our committee in reply to a direct question that:

Addressing myself, Mr. Chairman and gentlemen of the committee, to the basic question of unavailability of American-flag tonnage, I personally know of no instance as yet where American-flag vessels have not been available.

There have been instances cited to me where American-flag vessels have been offered at rates which the shipping agencies of Government believed to be too high for the purpose and were rejected for that reason. There may be some isolated instances of which I have no knowledge wherein American-flag vessels have not actually been available in respect to offers put out by Government agencies, but I do not know of any such instance. It is quite possible, dependent almost wholly upon the volume of economic and military aid, perhaps coupled with defense requirements in the immediate future, that there may be such a lack of availability of American-flag ships. It has not, within my knowledge, occurred to date.

That, Mr. Chairman, was earlier this year.

#### LAW ALLOWS FLEXIBILITY TO MEET EMERGENCIES

The whole uproar, Mr. Chairman, is based on a misconception of what the permanent 50-50 law actually requires. It does not require that 50 percent of all shipments, regardless of any and all factors or circumstances, must go in American bottoms. It requires only that the 50 percent preference must be observed "to the extent such vessels are available at fair and reasonable rates for United States-flag commercial vessels, in such manner as will insure a fair and reasonable participation of United States-flag commercial vessels in such cargoes by geographic areas."

It further states that the provision may be waived by Congress by concurrent resolution or otherwise, or by the President or the Secretary of Defense declaring that an emergency exists justifying a temporary waiver, and so on.

This would certainly prove that the existence of the 50-50 cargo preference requirement is no hardship to any agency of the American Government, or to the distribution of surplus foods abroad, unless there was a deliberate desire to sabotage this law.

Certainly we could give those surplus foods away at less cost if we were to send them all in foreign bottoms with starvation-wage seamen manning the ships, starvation wages compared to American-flag pay scales. And, I might add, we could give the same food away much more cheaply if we didn't support the prices of agricultural commodities. But no one suggests we punish the American farmer in order to give away American surplus food to foreign governments at lower cost to our Government; why punish the American seamen, then, in the same objective?

In the course of our hearings, Mr. Chairman, when it was pointed out that the British shipowners were complaining about this provision of American law intended to help American shipping. The gentleman from Washington [Mr. TOLLEFSON], ranking minority member of our committee, had an interesting comment. It was this:

The statements appearing in the British publications make me think of an old saying we have had in this country for a long time, "Don't look a gift horse in the mouth," which apparently they have not heard of over there. Since 1945, we have given Great Britain some \$7 billion worth of relief. Now they are objecting to the way they are getting it.

#### LET'S NOT ABANDON AMERICAN SEAMEN

My own feeling, Mr. Chairman, is that the mutual security program is a very valuable activity of our Government and has, as the Foreign Affairs Committee points out in its report on this bill:

On every continent \* \* \* begun to give us important foreign policy advantages. The reaction of the free peoples of the Far East to the blandishments of communism at Bandung; the final joining together of the United Kingdom, France, Germany, Italy, Belgium, Luxembourg, and the Netherlands for defense in the Western European Union; the determined elimination of communism by Guatemala with the united support of the other American Republics as well as the apparent reorientation of Soviet diplomacy, can all be cited as indications that the course on which the United States has embarked should not be abandoned.

I submit, Mr. Chairman, that the course which the committee says has been such a good one has included the 50-50 provision on mutual security cargoes. It also should not be abandoned. Let us not abandon the American merchant marine of the American seaman.

I am reminded in this instance of the bootblack who received a very fine tip for shining a gentleman's shoes, for which he was most grateful. The boy then asked to brush the customer's suit, and, of course, the patron stood still for that little extra service. But as the man

turned to leave, the boy yelled for the police. He pointed to his posted list of separate charges and said the customer had failed to pay for the brushoff. The fact that he received \$1 for the shoeshine did not count with him. He had not been paid for the brushing.

Mr. Chairman, in this matter, we have handed our allies and friendly nations many, many great favors in the form of economic assistance, and they have not had to "shine our shoes" in any way.

Now, apparently, some of them grumbled about this 50-50 cargo provision, because it also helps the American merchant shipping as well as their own ships.

They want us, in other words, to pay extra for brushoff, the brushoff of the American merchant marine, for its elimination from the seas.

Let us not fall for that kind of foolishness.

(Mr. GARMATZ asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The Chair recognizes the gentleman from Connecticut [Mr. SEELY-BROWN].

Mr. SEELY-BROWN. Mr. Chairman, I rise in support of the Bonner amendment.

The CHAIRMAN. The Chair recognizes the gentleman from New Jersey [Mr. WILLIAMS].

Mr. WILLIAMS of New Jersey. Mr. Chairman, I am a member of the Committee on Foreign Affairs. I attended the hearings, but I heard no testimony that cargo was delayed because of the 50-50 provision. I do know that in the committee report of the Committee on Merchant Marine and Fisheries a finding was made that there was no delay because of the 50-50 provision.

Therefore I support the Bonner amendment. I regret that I depart from my committee, but it is a broadminded committee, and I know that my departure will not rock the boat.

The CHAIRMAN. The gentleman from New York [Mr. ZELENKO], is recognized.

Mr. ZELENKO. Mr. Chairman, I rise in support of the Bonner amendment. This amendment recognizes the necessity of preserving and encouraging the strength and rebuilding of the American merchant marine. It is in the interest of the American seaman and the American ship operator. It represents American security first and mutual security second.

The CHAIRMAN. The gentleman from New York [Mr. ANFUSO] is recognized.

Mr. ANFUSO. Mr. Chairman, I intend to vote for this bill. I am, however, disturbed about the committee amendment, because I think it will tend to put American people out of work. While I favor foreign relief, I do not favor it at the expense of the American people. I will therefore support the Bonner amendment.

The CHAIRMAN. The gentleman from Ohio [Mr. VORYS] is recognized.

Mr. VORYS. Mr. Chairman, the Foreign Affairs Committee wants to subsidize the merchant marine directly in-



stead of indirectly through foreign aid funds.

We want surplus agricultural products to move all over the world if nations can come and get them. Our agricultural surplus is worse than our merchant marine surplus. It is just that simple.

This amendment should be defeated.

The CHAIRMAN. The gentleman from South Carolina is recognized to close the debate.

Mr. RICHARDS. Mr. Chairman, I yield my time to the distinguished gentleman from Texas, [Mr. BURLESON].

Mr. BURLESON. Mr. Chairman, as I said earlier, I fully realize the formidable opposition in this House from those under pressure from the shipbuilding industry; from the Maritime Service; and from the labor interests. At the same time this House should be reminded that we have in our possession capital goods which are just as much an asset to these United States as its dollars, and that is its surplus agricultural commodities. Why impair in any manner, the great possibilities in using these goods as a great part of our defense. Further answering the argument so forcefully advanced by the proponents of this amendment, let me say that from this day on it will seemingly be necessary to have a foreign aid program forever or we will have no United States merchant marine.

The CHAIRMAN. The time of the gentleman from Texas has expired; all time has expired.

The question is on the amendment offered by the gentleman from North Carolina [Mr. BONNER] to the committee amendment.

The question was taken; and on a division (demanded by Mr. ROONEY) there were—ayes 181, noes 51.

So the amendment to the amendment was agreed to.

The CHAIRMAN. The question is on the committee amendment as amended.

The committee amendment as amended was agreed to.

Mrs. KELLY of New York. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mrs. KELLY of New York: On page 16, after line 23, insert the following:

"(d) After section 508 insert the following and renumber subsequent sections accordingly:

"SEC. 509. Limitation on assistance to Yugoslavia: No assistance shall be provided to Yugoslavia under this Act."

Mrs. KELLY of New York. Mr. Chairman, the amendment I am asking you to consider and to decide is crystal clear. The objective is to cut off all assistance to Yugoslavia by denying the authorization in this bill, and also to cut off further deliveries of past programs, including large military end items.

I could argue that I am not in accord, with the ideology of the Yugoslav regime who is denying to the Yugoslav peoples their natural rights as freemen. I am not arguing that point.

I could argue that I never believed Marshal Tito's break with the Cominform—Comintern was not irrevocable.

Fundamentally I could continue arguing that he is with the East. His tolerance of the West is based upon opportunities and the exigencies of the moment. I am not arguing that point.

I will not discuss assisting the Yugoslav peoples. My record is positive and clear on that. I voted for aid to Yugoslavia when that country was faced with a famine as a result of a severe drought.

I base my argument on several facts. Marshal Tito has failed to live up to the agreements signed by him and the United States Government. Read the report of the committee, page 12; testimony before the committee disclosed that the Yugoslav Government has not been cooperative in carrying out the requirements of the Mutual Security Act. Inspection of the use of equipment has been denied.

The sections of the MSA act on conditions applicable to assistance are clear in sections 105, 141 and 142.

My second point for withdrawing aid is as follows: In the past the main reason for giving assistance to Yugoslavia was to guarantee that Yugoslavia remained independent and to build up a military defense against aggression by the U. S. S. R. One of the conditions for that, appearing on page 45, is as follows:

Equipment and materiels furnished under this chapter shall be made available solely to maintain internal security and legitimate self-defense of recipient nation, or to permit it to participate in the defense of its area or in collective security arrangements and measures consistent with the Charter of the United Nations.

These reasons do not apply at the moment. Marshal Tito has friends to the East, he has friends to the North, he has friends to the South and he has friends to the West.

At this point I wish to read from the text of the joint Soviet-Yugoslav declaration on future relations signed by Marshal Tito with the U. S. S. R. at Belgrade:

Compliance with the principle of mutual respect for, and noninterference in, internal affairs for whatever reason whether of an economic, political or ideological nature, because questions of internal organization, or difference in social systems and of different forms of socialist development, are solely the concern of the individual countries.

The accord was for the establishment of mutual confidence. Both sides agreed on a policy of noninterference in each other's affairs, for whatever reasons, whether of an economic, political or ideological nature, because questions of internal organization, or difference in social systems and of different forms of socialist development, are solely the concern of the individual countries.

Marshal Tito and the Soviet, in the same report, went on to agree that they have a mutual accord, not only on noninterference with each other's affairs, but they are firm in agreement on nonrecognition of military blocs, and I want to read that particular statement:

Condemnation of all aggression and of all attempts to subject other countries to political and economical domination.

The recognition that the policy of military blocs increases international tension, undermines confidence among nations and aug-

ments the danger of war. Both governments based their policy on the principles set forth in the charter of the United Nations and are in agreement that further efforts should be made to strengthen the role and the authority of the United Nations. This would, in particular, be confirmed by giving the People's Republic of China the representation to which it is entitled in the United Nations.

At this point I want to say that the basis of our military pact is unity among the western world. Since he has agreed that he is against this, I do not believe we should give him further aid. Therefore, many might consider my amendment drastic, but there is enough transferability in this bill to permit the President to give assistance to any nation when he believes it is in the interest of national defense.

The CHAIRMAN. The time of the gentlewoman from New York has expired.

(Mrs. KELLY of New York, at the request of Mr. DORN of New York, was given permission to proceed for 1 additional minute.)

Mrs. KELLY of New York. No longer is it necessary for self defense. He has friendly nations around him, and I do not believe that we should give aid in order to perpetuate a person whose principles are in opposition to ours when there is no longer fear of aggression on either side. Third, it is not necessary because of the mutual or collective efforts. Tito's independence prevents his joining a regional alliance, and I believe that my amendment should prevail.

Mr. DORN of New York. Mr. Chairman, will the gentlewoman yield?

Mrs. KELLY of New York. I yield to the gentleman from New York.

Mr. DORN of New York. I wish to congratulate the gentlewoman on her remarks and join with her in them.

Mrs. KELLY of New York. I thank the gentleman.

Mr. RICHARDS. Mr. Chairman, I dislike to disagree with the gentlewoman from New York, who is a very able and conscientious member of our committee, but I think it would be a mistake to cut out aid to Yugoslavia.

Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from South Carolina?

Mr. FEIGHAN. I object, Mr. Chairman.

Mr. RICHARDS. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 15 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from South Carolina?

Mr. FEIGHAN. Mr. Chairman, reserving the right to object, I have an amendment, and I would like to be advised if I might have at least 5 minutes. I will try not to use it all.

Mr. RICHARDS. I do not want to make a motion. We have got to move along here, but I hate to make a motion.



I do not want to preclude anybody offering amendments.

May I ask the Chairman how many amendments are there to this section?

The CHAIRMAN. Two after this one.

Mr. RICHARDS. I will withdraw my request, Mr. Chairman.

I will say this, Mr. Chairman. Yugoslavia is at the crossroads. We do not like Tito; we do not like his Government particularly, and we do not like some other governments, but, so far as ground forces are concerned, they have the strongest army on the Continent of Europe.

I do not want to do anything that would drive him back into the arms of Soviet Russia. So far as Yugoslav communism is concerned, that is something else. I do not think he will ever dare to go back to Russia, but I do not want to do anything to force him in that direction.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield to the gentleman from Indiana.

Mr. HALLECK. Mr. Chairman, I want to take this opportunity to express the hope that this amendment is defeated. I think we all recognize that in any cooperative endeavor in which we may be engaged, we frequently find ourselves with people who are wholeheartedly with us and ready to do a great deal many more things than some others. However, wherever there is help to be had, we frequently avail ourselves of it even though we would wish at times that that help might go a little farther and be a little stronger.

Certainly, as far as Yugoslavia is concerned, there were demonstrated there at a recent occurrence of a certain visit certain manifestations that there have been good results in Yugoslavia. What occurred on that occasion was encouraging to many other nations who at the moment might not be regarded as friendly to us but who might find in what happened there something of a pattern which, if followed, would be helpful to us.

I think this is no time to terminate whatever operations we have in Yugoslavia.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield to the gentleman from North Carolina.

Mr. COOLEY. I should like to ask the chairman of the committee, What have we ever exacted from Tito? Have we ever exacted anything on earth from him?

Mr. RICHARDS. We have not exacted anything from anybody.

Mr. COOLEY. What have we ever even been promised by Tito?

Mr. RICHARDS. I am not talking about any promises. I do not know that he would ever keep them. But we know that they have certain potentialities there that we want on our side.

Mr. COOLEY. The gentleman knows that he has not exacted anything from Tito, that he has not even been asked to promise us anything in exchange for what we have given him.

Mr. RICHARDS. I do not agree with the gentleman.

Mr. COOLEY. Mr. Chairman, I asked a fair question, and I should like to ask that question of any Member of this House who cares to answer; to tell me what we have ever exacted from Tito, to tell me of any one promise that he has given us, of any one base or one right, even to fly a plane over his territory.

Mr. BLATNIK. Mr. Chairman, will the gentleman yield to me?

Mr. RICHARDS. I yield to the gentleman from Minnesota.

Mr. BLATNIK. I do hope that this amendment, which I believe was offered in all honesty and sincerity but which I think is not based on sound fact, is defeated. The question was asked by the gentleman from North Carolina [Mr. COOLEY], What have we ever exacted from Tito? I think that is rather self-evident. Militarily speaking, this is one of the most strategic areas where we have great stability. Here is an area where we spend relatively little in terms of economic and military aid, where we have almost no American military personnel, but where the posture of defense is in the best interests of the United States, where there is an element of stability which is in the best interests of the United States.

Mr. COOLEY. Stability of what?

Mr. BLATNIK. Stability in terms of the situation.

The CHAIRMAN. The time of the gentleman from South Carolina [Mr. RICHARDS] has expired.

Mr. VORYS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I merely want to say, in answer to the gentleman from North Carolina [Mr. COOLEY] that we have a Mutual Security Agreement, under section 142 of this law, with Yugoslavia.

Mr. COOLEY. Has he committed a single soldier or a single plane or a single airport?

Mr. VORYS. Does the gentleman want me to answer his question or is he trying to answer me? I am just saying to the gentleman that we have a mutual security agreement with Yugoslavia. We do not have, as to any NATO country, or otherwise, actual advance commitments of forces. We have plans for commitments under certain circumstances. We heard in closed session from Ambassador Riddelberger and General Hains with reference to the compliance of Tito with our agreement. We have the same type of commitments that we have with other NATO countries.

Mr. HAYS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield.

Mr. HAYS of Ohio. I am a little bit perplexed at what the gentleman has said about our having a Mutual Security Agreement with Tito. I did not realize that.

Mr. VORYS. We have a section 142 agreement under the Mutual Security Act with Tito. Under this law he would have to make such an agreement before he could get any military supplies.

Mr. HAYS of Ohio. If the gentleman would tell the House just what that involves, I think it might clarify it.

Mr. VORYS. I cannot take the time now, but it is in our committee report, section 142.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield to the gentleman from Indiana.

Mr. HALLECK. There is one case that might be slightly parallel to this, I think. When we had the first one of these bills before us, I believe it was during the 80th Congress, there was a move here to include Spain, and it carried in the House. There was a great hullabaloo raised about that. They said, "You cannot do that, that is the wrong place." So it was taken out, if my memory serves me correctly. But today we have bases in Spain, and I think it is generally agreed that probably we have there in this overall program support and assistance that could be very valuable to us.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield to the gentleman from Minnesota.

Mr. JUDD. With respect to the question of the gentleman from Ohio [Mr. HAYS], we have a mutual-defense agreement with every country which gets military aid from us. But we do not have a mutual-defense treaty with Yugoslavia as we have with NATO countries, with Korea, with Japan, with the Philippines, with Formosa, those are treaties that come into operation automatically if either party is attacked.

What we have with Yugoslavia is the same agreement that it will fulfill certain conditions in the use of military hardware which we furnish it under this program, as we have with every other country getting military aid.

Mr. VORYS. As to a treaty, Yugoslavia is party to a three-power treaty with Greece, Turkey, and Yugoslavia, which is an area treaty and is an actual mutual-security treaty.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield to the gentleman from North Carolina.

Mr. COOLEY. Does not the gentleman know that a mutual-security treaty such as the gentleman is talking about is entirely incompatible with the neutrality that Tito talks about? You cannot tell this House one thing he has agreed to do.

Mr. VORYS. I am not saying that everything that Tito does is very compatible with anything except his own interest.

Mr. COOLEY. We have an agreement. He is on the receiving end.

Mr. VORYS. I concur in many of the criticisms made of Tito, but I do not think we help ourselves when we cut Yugoslavia clear out of this bill.

Mr. HAYS of Ohio. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I find myself in somewhat of an anomalous situation as far as Tito is concerned. I have no desire to add to the debate except to try to clear up some points. As far as having an agreement with Tito is concerned, we have a nebulous sort of an agreement. I do not want to violate any secrecy. I am not exactly sure what the report says, but I think I can say without any fear of contradiction it was brought out in the hearings that Tito had not exactly lived up to the agreement. It was fur-



ther brought out in the hearings that we had some difficulty even finding out what was done with the aid that we sent to Tito. I therefore think it is not quite analogous to make the comparison with Spain because, as I think I pointed out before on this floor, it is possible in Spain not only to know what is going on with the money we are sending over there; it is possible to inspect the bases we are building. I visited them in April. Nobody put any obstacles in my way whatever. We flew over them, photographed them from the air, looked at them from the ground, and drove over them, did anything we wanted to do. If Tito is willing to let us do that with the aid we are sending to Yugoslavia, I might look upon this with a less jaundiced eye.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Ohio. I yield to the gentleman from North Carolina.

Mr. COOLEY. Will the gentleman agree that one of the conditions of eligibility under section 142 is that our military representatives in the recipient governments have the right of inspection of these military items?

Mr. HAYS of Ohio. That is true.

Mr. COOLEY. Is it not true that the military representatives of the Yugoslav Government have not been cooperative in this respect?

Mr. HAYS of Ohio. That is also true.

Mr. COOLEY. Does the gentleman from Ohio therefore regard that as a violation of section 142 on the part of the Yugoslav Government?

Mr. HAYS of Ohio. I certainly do.

Mr. DONOVAN. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Ohio. I yield to the gentleman from New York.

Mr. DONOVAN. I will say to the other gentleman from Ohio that what he said is not only true but every single military man that appeared before our committee, and there were not many, agreed that there were outstanding instances where the Yugoslav Government did not cooperate but that there were many places where we could not go. What the gentleman from Ohio [Mr. VOYRS] said about a Balkan collateral treaty has nothing whatsoever to do with this situation with reference to Yugoslavia.

Mr. HAYS of Ohio. I want to address myself to that point. There was a great deal made of that in committee. I asked this question and I received an affirmative answer. I said, "Is it not true that the treaty between Yugoslavia, Greece, and Turkey simply says this: 'That in case one of the three is attacked, the other two will consult with them about it?'" That is what it says and nothing more than that. It does not obligate anybody to come to anybody's defense. It does not tie anybody down or anything, it just says that in case of aggression, there will be consultation.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Ohio. I yield.

Mr. JUDD. On this point about Yugoslavia not cooperating fully, there was some testimony to that effect. But were not two other points made? Was it not testimony given that in the last year the

cooperation had greatly improved; is that not true?

Mr. HAYS of Ohio. I believe that is true. That the testimony was that it had improved, but I do not know whether they said greatly or not, but they did say it was better.

Mr. JUDD. Secondly, was it not the impression of the committee that our own representatives from the beginning of this program have not been as firm and diligent as they ought to have been in insisting on the provisions of the agreement? Personally, I think we have been as much at fault as Tito. Some seem to have been so afraid that he would walk away from us that they did not make him cooperate in order to get our military aid. But where else could he have gone? To have gone back to Stalin at that time would have been to lose his head. We should have insisted, and some of us have urged it each year, that he keep in good faith the agreements that he had voluntarily entered into, just like every other country.

Mr. HAYS of Ohio. I do not have much time left, but I would just like to answer that question and say that I am in general agreement with that, and the gentleman will recall that I said that if the Subcommittee on Europe of the Committee on Foreign Affairs goes over there this year, I intend to find out whether we can make those inspections personally. I am not going to take the word of any military man. I do believe they have not been as tough with them as they could have been, and I do not know whether they will be tough enough if we give them aid this time or not. That is what worries me.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Ohio. I yield.

Mr. COOLEY. Is the gentleman talking about visiting Yugoslavia?

Mr. HAYS of Ohio. I have been there once before, and I might risk it again.

Mr. COOLEY. I do not think you will have any trouble perhaps in visiting Yugoslavia, but I would like to ask the gentleman or ask anyone else here who thinks he can answer the question, Has Tito agreed to the terms and conditions stipulated in section 142?

Mr. HAYS of Ohio. He has agreed to them, but he has not lived up to them.

Mr. COOLEY. All right, then here is what this says—"And defense strength of the free world." He is not contributing to the strength of the free world. He is a neutral.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. BENTLEY. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I am not going to take the full 5 minutes, but I want, first of all, to commend my distinguished colleague, the gentlewoman from New York, the author of the amendment, for having offered this amendment and to say I heartily support her and hope the amendment is passed. I would like to ask the gentlewoman this question. In the past day or two we have heard a lot of talk about the necessity for passing this mutual security legislation for the purpose of keeping the free countries

free. I would like to ask the gentlewoman from New York if she thinks by passing this legislation, and by giving Tito the amount of money provided in this legislation, if she thinks that action will help to make the people of Yugoslavia free. I think the people of Yugoslavia in this debate over Tito represent an element that has been completely forgotten. I would like to have the gentlewoman's answer to that inquiry?

Mrs. KELLY of New York. I would like to be able to answer it. I hope that we will find out after a very short time on which side he is alined as a result of the action we are taking now. I do not think it will be long before he soon lets us know. I would like to know at that time and I believe that in any action that Tito takes, the people of Yugoslavia will not be with him.

Mr. BENTLEY. Do you think the people of Yugoslavia are free under Tito at this moment?

Mrs. KELLY of New York. The people of Yugoslavia are not free under Tito at this time.

Mr. BENTLEY. Do you think sending Tito the money contemplated in this bill will help free them or make them more free?

Mrs. KELLY of New York. No; I think it will perpetuate Tito's regime to the point where it strengthens communism in that country. But I do not want to argue that point. I want to argue the point that he is not living up to the agreement.

Mr. BENTLEY. That point has already been brought out.

Mrs. KELLY of New York. That is the point I think we ought to discuss today.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. BENTLEY. I will be glad to yield to the gentleman from North Carolina.

Mr. COOLEY. I just want to observe one thing and that is whether or not Tito is neutral in this controversy, or whether he is allied with the free world; and if he has allied himself with the free world can any member of the committee present documentary evidence or reference to documentary evidence to show that he has agreed to anything on earth except to take this money, strengthen his own armed forces and continue his might and power over the people of his country? That is the question.

Mr. BENTLEY. I would like to tell my friend from North Carolina this: Tito has agreed with Greece and Turkey that in case of an attack on any 1 of the 3 they would consult. Tito himself says he is not neutral; he says he is independent. To my way of thinking he had a hand out in both places, both Washington and Moscow.

Mr. COOLEY. That is right.

Mr. BENTLEY. We now see him after this incident at Belgrade accepting an invitation to Moscow. He will go and have his hand out there. I do not regard Tito as anything other than an opportunist trying to get as much of the can from both sides.

Mr. COOLEY. And is not this visit to Moscow timed just right so that about the time he reaches there he will receive



this money as a gift from the American people?

Mr. BENTLEY. I would say that the timing would be exact.

Mr. McDONOUGH. Mr. Chairman, will the gentleman yield?

Mr. BENTLEY. I yield to the gentleman from California.

Mr. McDONOUGH. Is there any other country in this bill that has received aid from the United States that is as completely identified with communism as Yugoslavia?

Mr. BENTLEY. None whatsoever.

Mr. McDONOUGH. And is not Yugoslavia by its own admission a Communist nation?

Mr. BENTLEY. Completely. As a matter of fact, Tito says he is a better Communist than the men in the Kremlin.

Mr. McDONOUGH. And in this bill we defeated the amendment that would have prevented colonialism yet we recognize this Communist nation.

Mr. BENTLEY. Quite.

Mr. McDONOUGH. We are supporting Moscow by supporting this man.

Mr. BENTLEY. Right.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. BENTLEY. I yield to the gentleman from Minnesota.

Mr. JUDD. As the gentleman has said, Tito claims he is independent. If we cut off this aid today, where does the gentleman think he would go?

Mr. BENTLEY. I think the answer to that was given a short time ago, I believe, by the chairman of the committee who said Tito would not dare to go over to Moscow.

Mr. JUDD. But does the gentleman think he could maintain his independence without assistance from us?

Mr. BENTLEY. I think he could maintain his independence. I would like to remind my friend from Minnesota of one thing I think he said during a discussion of this matter in the committee. I think he said it is a genius for self-deception on our part to build up people who do not believe in our system but the very opposite.

Mr. JUDD. The gentleman is correct in that quotation. I do not deny the great risk involved. But at this stage of affairs, to cut off all aid would, I fear, have even greater risk. We should have no illusions regarding the dangers either way.

I would not put the chances of success as much more than about 51 percent. But that is better than 49 percent.

Mr. DODD. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I want to make my own position clear with respect to the amendment which has been offered by my colleague the gentlewoman from New York. I have great respect and admiration for her. She is very able. I want to be frank with her. I think that Yugoslavia is probably the weakest link in this whole mutual-assistance program. I think it is particularly difficult to do business with Tito. I am going to vote against the gentlewoman's amendment, but on the basis of a calculated risk in the interest of the United States. I do not think there is any other basis upon

which this thing can be predicated. It is as the distinguished gentleman from Indiana [Mr. HALLECK] suggested with reference to the policy about Spain, it looked like a good gamble and it worked out all right; so in this instance I am willing to take a chance in the interest of the United States, at least for another year. I think that is the only thing we can do under the circumstances.

There is only one basis for doing anything for Yugoslavia and that is our own self-interest. This is the basis for the calculated risk which our military men say we should take.

There is no principle in this, do not fool yourselves about that. We are strictly expedient, strictly selfish. It is a most regrettable thing, but nevertheless in this world in which we are living today there is nothing else we can do.

Mr. RICHARDS. Mr. Chairman, will the gentleman yield?

Mr. DODD. I yield to the gentleman our distinguished chairman from South Carolina.

Mr. RICHARDS. Is it not a fact that every military man who came before the committee said this is the thing that we should do?

Mr. DODD. Yes, that is correct.

Mr. RICHARDS. Is it not a fact, further, that of all the satellite nations that have been held under Russian domination, Yugoslavia is the only one that has withdrawn?

Mr. DODD. That is true.

Mr. RICHARDS. That is important.

Mr. DODD. That is right, but I want to make clear that I am not completely sold on that withdrawal business and I do not think the chairman is, either. It would not surprise me tomorrow if Franco turned away from us, or Tito or any of the others. We have had one example of this in Peron. These dictators are all alike. It makes little difference where they stand, on the right or on the left. They can be dealt with only at arms' length and the only excuse for dealing with them at all is our own safety and security. Essentially if it is to their interest to turn on us they will do so. We will have to deal with them the same way and be practical and cynical about it. I ask that this amendment be voted down.

Mr. RICHARDS. Mr. Chairman, I ask unanimous consent that all debate on this amendment close now.

The CHAIRMAN. Is there objection to the request of the gentleman from South Carolina?

Mr. RICHARDS. Mr. Chairman, I move that all debate on the pending amendment close now.

Mr. O'KONSKI. Mr. Chairman, I offer a preferential motion.

The Clerk read as follows:

Mr. O'KONSKI moves that the Committee do now rise and report the bill back to the House with the recommendation that the enacting clause be stricken.

Mr. O'KONSKI. Mr. Chairman, it is a tragedy that one has to take a page from the book of Tito and steal what we cannot get otherwise. There can be not enough said against giving aid to Marshal Tito. More can be said against the extent to which it has gone.

Now, with reference to this poppycock that we must be secret; or we cannot give out any security secrets about Tito, or that aid to Tito is classified. This trying to keep from the people of America the extent of aid to Marshal Tito to me is laughable and nauseating because certainly the Kremlin knows every detail of our aid to Tito. If one were to call Tass today, you would find out how much money there is in this bill for Tito to the last penny. But to the American people who pay the bill—aid to Tito is secret.

Mr. Chairman, if the Members of the House knew the exact number of dollars in this bill for Tito and what it will do for him, in what category it will put him as far as airpower is concerned among the nations of the world, you would support this amendment. Do not get the idea that there are only \$42 million for Tito in here, because that is just pure subterfuge.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. O'KONSKI. I yield to the gentleman from Pennsylvania.

Mr. FULTON. I have opposed strongly the giving of these jet planes of most recent model to Tito.

Mr. O'KONSKI. I know the gentleman has.

Mr. Chairman, did you know that there is close to \$300 million worth of aid to Marshal Tito in this bill? Nobody, yes, nobody—the military, President, Secretary of State, or anyone else—can guarantee that he will be on our side or that we have any advantage in this so-called calculated risk. But get this—when the pipeline is finished this big question mark Tito will be the No. 5 air power in the world, next only to the United States of America, Great Britain, Russia, and Canada.

You talk about a calculated risk? That is the only leg upon which the proponents of Tito have to stand. This is the calculated risk they are asking you to take. Tito will be the fifth largest air power in the world when we get through with this program and this bill. If Tito should go the other way and join the Communists—Russia—our air power is licked because the balance of power will be with the Russians and the Kremlin. We are building up here a calculated risk which if it goes against us, and there is no guarantee that it will not, we are outnumbered. The people who are guiding the policy of this Nation know it because they are already practicing running to their hideouts because they do not know what Tito will do. But they have no hideouts for Members of Congress when the bombs start dropping. And when they come, remember, you asked for it.

Let me tell you something. I never thought I would see the day when the Congress of the United States of America would appropriate a billion dollars to a murderer, a gangster and a thief. That is what we have given Tito. That is more than it has cost us to support the farm program in the United States of America for the past 2 years. One billion dollars we have given him, this murderer, gangster and thief. And, I never thought



I would see the day when the Congress of the United States of America would give a billion dollars to an international gangster, a murderer and a thief.

Let me tell you something, my friends. We think Hitler was bad. He murdered 250,000 Serbian people. You think that is bad. To get into power where Tito is today, he murdered in cold blood more than 500,000 of his own people. He killed twice as many Yugoslav people as Hitler killed with his hordes, and that is the kind of man we are putting our faith and trust in. In 1946 he shot down 5 American fliers. They were shot down at his orders, and buried them in a mass grave like dogs, without a coffin or even without a rag over their faces, as was evidenced when their bodies were dug up. Sure he paid damages, but we gave him the money with which to pay. This is the same murderer we gave a billion dollars to.

Now I will ask you this, my friends: Are you willing that this big question mark shall be the fifth largest air power in the world 2 years from now or 1 year from now? Are you willing to take that risk? Are you willing to take that calculated risk? As for me, I am not. Let me tell you, I would rather appropriate a billion dollars to the devil and try to keep him on our side than murderer Joseph Bros Tito. We took a calculated risk on Stalin to the tune of \$13 billion. We lost. We took a calculated risk on Mao to the tune of \$2 billion. We lost. We took a calculated risk on Ho Chi Min to the tune of a billion dollars. We lost. When will our leaders learn? To make Tito the power in Europe is the dumbest of all calculated risks. We shall pay heavily in lives for this stupidity on the part of our leadership.

Mr. MARTIN. Mr. Chairman, I rise in opposition to the motion.

Mr. Chairman, I am sorry that we are going to vote on this very important measure in passion. Up in New England, where I come from, they used to tell us those whom the gods wished to destroy they first make mad. I am not mad today. I am trying to be realistic. I have no defense for Tito. I hate him and I hate his ideology with all my heart. But, I am rising in defense of the U. S. A. That is for whom I am speaking for tonight, the people of America. Are we going to win this fight for freedom, or are we going to play into the hands of those who would destroy America? It may be true—and I hope it is not—that we are giving the latest instruments of war to Yugoslavia. To make the record clear, let us not forget the fact that when we first started to give these weapons of war to Yugoslavia we were mighty glad to have Yugoslavia's armies standing over there in Europe. They gave us time in which we might muster other allies and become strong ourselves. We took advantage of his being lined up on our side so that we are now able to defend this precious freedom of ours. While I have no defense for Tito, he did help us in those early days. Now we have reached the point where we can win a victory in this cold war. Russia is full of discontent. The Soviet is unable to stand the test of feverish building of

armaments. I ask you Members of the Committee, do we want by our vote to throw Tito into the hands of Russia and thus for certainty lose the second largest army in all Europe? I am not going to take that responsibility. There are those who may, but I will not.

Now I remind you we do not have to give Tito this money if the President of the United States and those in charge of our defense decide that it is not the right thing to do. They can, and I believe they will, turn him down, if they reach the conclusion that he is no longer an asset on the side of the free world.

My plea here is let us not legislate in passion. Let us not do in a hysterical moment something we may live to regret.

I ask for the defeat of the amendment offered by my good friend the gentlewoman from New York [Mrs. KELLY].

Mr. RICHARDS. Mr. Chairman, will the gentleman yield?

Mr. MARTIN. I yield to the gentleman from South Carolina.

Mr. RICHARDS. I should like to say, with the consent of the distinguished minority leader, that the gentleman from Wisconsin [Mr. O'KONSKI] suggested that there was \$300 million in this bill for Tito. In addition to the military authorization, which is classified information, there is only \$41 million earmarked in this bill for Tito.

Mr. MARTIN. And there is no necessity for spending a dollar of it if the President of the United States, in whom we have confidence and trust, decides we should not do so.

Mr. RAYBURN. Mr. Chairman, will the gentleman yield?

Mr. MARTIN. I yield to our distinguished Speaker.

Mr. RAYBURN. I just want to say that I endorse every word that has been said by my distinguished colleague, the gentleman from Massachusetts [Mr. MARTIN]. I think this would be a dangerous thing to do, and I do not believe this committee will do it.

Mr. SIEMINSKI. Mr. Chairman, will the gentleman yield?

Mr. MARTIN. I yield to the gentleman from New Jersey.

Mr. SIEMINSKI. I congratulate the gentleman from Massachusetts [Mr. MARTIN] and the gentleman from Texas [Mr. RAYBURN] on their statements. I shall oppose the motion and ask the House to consider, if it will, two factors. First, and I am sure that the ladies and gentlemen of the South will understand this: Almost a hundred years have gone by and they have not forgotten the Civil War. I sincerely put before the House the fact that it is quite possible that Tito and the people of Yugoslavia have not forgotten the axis spoilage of World War II and that tonight they are more afraid of a renaissance of axis war spirit than they are of Russia. Let this House not think that if Germany or Russia moves without law on their side, that the people of Yugoslavia, of Poland, and of Central Europe, from the Baltic to the Adriatic, as Christian as they are—will not fight, as you in the Civil War fought, on a blood and culture basis, with the wounds of the past opened up to spur them to independence, be it from an ag-

gressive Germany, of a cruel Russia or both.

So today, I say, vote this aid, put faith in the broad base of freedom and the fighting heart of the people of Yugoslavia. If the people of Yugoslavia seem not firmly committed to the East or to the West, perhaps they wait to see how Germany will behave as a new member of the West, and how Russia will behave since the liquidation of Stalin and Beria and how it will followup at Geneva the overtures it recently made at San Francisco on the 10th anniversary of the founding of the United Nations.

Talk is made of loose commitments; that Yugoslavia, Greece, and Turkey agree to talk it over before acting if either of the three is attacked. This point has been raised as an example of Yugoslavia's foxiness.

Are we so sure that the Atlantic powers, the NATO members, would not first consult before coming to our direct defense should the United States be attacked?

The second point I should like to raise in support of the stand taken by the gentleman from Massachusetts [Mr. MARTIN] and the gentleman from Texas [Mr. RAYBURN] in defeat of the amendment but in support of the bill is that the cost of this bill must be measured, it seems to me, against our mission: To keep those who have hurt us in the past from doing so again, to keep them from each other's throat and ours as well; to keep Japan and China in peace; to keep Japan and Russia in peace; to keep Germany and Russia in peace; to keep Germany and France in peace; to keep Germany and England in peace; to keep Italy and France in peace; to keep each in peace with us, and in so doing, withdraw cruelty and torture from the world.

To do it, with new techniques and new irons in the fire, this bill should be given the test of time, at least until 1966 when, according to history, the next war might start.

By then, from today, we will have spent \$38.5 billion on this program.

Should we, by this help, prevent the outbreak of war in 1966, would we regret the \$38.5 billion as against the \$440 billion spent in World War II?

I think not. The amendment should be defeated and the bill passed.

Mr. MARTIN. Mr. Chairman, I ask you to vote for the United States of America; and do not throw for a certainty the second largest army in Europe into the lap of Russia.

The CHAIRMAN. The question is on the preferential motion.

The preferential motion was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentlewoman from New York [Mrs. KELLY].

The question was taken; and on a division (demanded by Mrs. KELLY of New York), there were—ayes 52, noes 162.

So the amendment was rejected.

Mr. FEIGHAN. Mr. Chairman, I offer an amendment.

Mr. RICHARDS. Mr. Chairman, will the gentleman yield for a unanimous consent request?

Mr. FEIGHAN. I yield to the gentleman from South Carolina.



Mr. RICHARDS. Mr. Chairman, I ask unanimous consent that all debate on section 9 and all amendments thereto close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. FEIGHAN: On page 17, after line 11, insert the following paragraph:

"(d) At the end of such Chapter I, insert a new section as follows:

"Sec. 515. No loan or assistance shall be made or given to Yugoslavia under this act, until the Committee on Foreign Affairs of the House of Representatives completes an on-the-spot investigation of all the military installations, depots, roads, and railroads in Yugoslavia, and certifies to the Clerk of the House that continued assistance to Yugoslavia is in the security interest of the United States."

Mr. FEIGHAN. Mr. Chairman, the very able and distinguished member of the Committee on Foreign Affairs of the House, the gentleman from Connecticut [Mr. MORANO] had prepared an amendment which would stop any further aid to Yugoslavia until a further finding and determination was made by the President that such aid is in the national interest and reported to the Congress. The distinguished gentleman has seen my amendment and is going to support it, and therefore is not introducing his amendment.

Mr. Chairman, in the first instance, I agree completely with the distinguished minority leader that we should not legislate in any degree of passion. However, we do not want to face the issue of aid to Tito wearing rose-colored glasses or with our heads comfortably tucked in the sand. Of course, we must look at the situation and face the facts of reality. One may say that Tito has the legal right to accept our assistance and to do as he pleases to enhance his own position—as some do say. Of course, I disagree. I will not even take up the question of Tito's moral right to do with our assistance as he pleases, because any Communist anywhere, at any time, never recognizes morality in either personal, national, or international affairs. However, we as Members of the Congress should view our responsibility in the light of both legality and morality.

In the first instance, under the Mutual Security Act, nations and dictators who are the beneficiaries of our grants, should be legally obligated to permit complete and thorough investigation, by the United States representatives, of the uses to which our assistance has been put.

It is uncontroverted, as set forth in the report by the Committee on Foreign Affairs on page 12, that Tito has forbidden representatives of the United States to thoroughly inspect the utilization of the assistance already given under the terms of this act. The terms of the act should require that the American representatives shall have the unqualified right to make complete inspection. My amendment merely provides that the Commit-

tee on Foreign Affairs of the House make a complete inspection in accordance with the terms of the agreement by which Tito has accepted our assistance.

If Tito is an ally of the United States in any sense of the word, he would welcome such complete and continuous inspection by United States representatives.

One way to put him to the test would be to require his adherence to the provisions of the Mutual Security Act, absolutely requiring complete and continuous inspection over the use of all economic and military assistance programs made possible, in any part, by United States assistance.

In my considered judgment, Tito has never broken with his Russian-Communist friends. We now have no assurance against the possibility of our aid going behind the Iron Curtain to Albania, Rumania, Hungary, Bulgaria, or to Moscow itself, or even to any of the non-Russian nations within the U. S. S. R.

In my opinion, the Yugoslavs will not fight on the side of the West, the free world. They will do one of two things in the event of conflict between Communist Russia and the free world of the West. First, they will revolt against the tyranny of Tito, or they will fight against the free world—with Russian machine guns stuck in their backs.

My amendment simply requires that the House Committee on Foreign Affairs, either in whole or by a subcommittee, together with an adequate staff of competent investigators, make an on-the-spot inspection of how Tito has used all forms of assistance which we have given to him.

Such an inspection would cover all military bases, installations, roads, and railroads in Yugoslavia. It further provides that if the Committee on Foreign Affairs makes a favorable report to the Clerk of the House, assistance may be continued to Tito.

It also provides that after the inspection by the Committee on Foreign Affairs, if their report is not favorable, assistance to Tito shall be cut off.

I ask you—what in the interests of the taxpayers of this country and in the successful advancement of the aims of the Mutual Security Act, could be fairer?

I should like to emphasize that it is my desire to do everything possible to make easy the way of our Secretary of State in his difficult task of building a free world alliance of the type which can bring about the ultimate defeat of the international Communist conspiracy.

Therefore, rather than offering an amendment barring any aid to Tito as I did in 1954, I have proposed this amendment which will permit Yugoslavia to receive assistance from us if the on-the-spot inspection carried out by the House Committee on Foreign Affairs reveals that the giving of such assistance supports the national security, welfare and well-being of the American people.

Mr. RICHARDS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, this amendment is practically the same as one we defeated a little bit ago. The gentleman wants

the Foreign Affairs Committee to take a trip over there. I imagine it would be very interesting and I am sure we could develop some significant information.

The Foreign Affairs Committee has recommended through this bill that we think it would be in the interest of the security of the United States to provide this limited aid to Yugoslavia. It is only officially and publicly a \$41 million program. There will be more for the military. I am opposed to the amendment.

Mr. FEIGHAN. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield.

Mr. FEIGHAN. I want to make this very important distinction, that the amendment introduced by the gentleman from New York read out entirely any aid; my amendment provides that the Committee on Foreign Affairs go to Yugoslavia and make an on-the-spot investigation. Then we would have a proper and valid investigation of the utilization of our assistance. If the report is favorable aid will be given to Tito. I have utmost confidence in the chairman of the Foreign Affairs Committee and in the members of his committee, and I would be satisfied with their report.

Mr. RICHARDS. I appreciate the gentleman's position and the confidence he has in us. I have the utmost confidence in his good intentions, but I just want to say to you that while the military people said we were not getting 100-percent cooperation from Yugoslavia, yet they said that the cooperation was getting better every day, and that by insistence they believed we would get 100-percent cooperation.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio [Mr. FEIGHAN].

The question was taken, and on a division (demanded by Mr. FEIGHAN) there were—ayes 7, noes 92.

So the amendment was rejected.

Mr. VORYS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. VORYS: On page 16, after line 14, insert the following:

"(2) Amend section 505 (a) by inserting before the period at the end thereof the following: 'And shall emphasize loans rather than grants wherever possible'."

And on page 16, line 15, change "(2)" to "(3)."

Mr. VORYS. Mr. Chairman, the committee has accepted similar amendments covering \$382 million in this bill. This would reach the rest of the bill in defense support which is \$1,022,000,000.

Mr. RICHARDS. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield.

Mr. RICHARDS. This amendment is in line with an amendment that was offered to another section, as I understand. It is permissive in terms, the decision to rest with the President with regard to loans. The discretion being given, and it being in line with other amendments, I have no objection to the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio [Mr. VORYS].



The amendment was agreed to.

The Clerk read as follows:

SEC. 10. Title V, chapter 2, of the Mutual Security Act of 1954, which relates to organization and administration, is amended as follows:

(a) In section 524 (a), amend subparagraph (3) to read as follows:

"(3) the supervision of end-item use by the recipient countries;"

(b) In the second sentence of section 525, which relates to the Foreign Operations Administration, after "Foreign Operations Administration" insert "(including any function, office or entity thereof transferred to any other agency)"; and insert, before the period at the end of said second sentence, the following: "Provided, That such authority conferred by this sentence shall be exercised in accordance with applicable laws and regulations relating to the Civil Service and Veterans' Preference."

(c) Add at the end of section 526, which relates to missions and staffs abroad, the following new sentence: "If a Foreign Service Officer shall be appointed by the President to a position under this section, the period of his service in such capacity shall be considered as constituting an assignment for duty within the meaning of section 571 of the Foreign Service Act of 1946, as amended, and such person shall not, by virtue of his acceptance of such an assignment, lose his status as a Foreign Service officer."

(d) In section 530 (a), which relates to experts and consultants or organizations thereof, insert "or at the applicable rate prescribed in the Standardized Government Travel Regulations, as amended from time to time, whichever is higher," after "at a rate not to exceed \$10."

(e) In section 534, which relates to reports, strike out "sections 504 and 413 (b)" in the last sentence and insert "sections 504, 413 (b), and 418."

Mr. VORYS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. VORYS of Ohio. On page 17, line 24, strike out beginning with word "Provided" through the word "Preference" and insert in lieu thereof "Provided, however, That until January 1, 1956, notwithstanding the provisions of any other law, the employment of not to exceed 200 persons at rates of basic compensation in excess of the maximum scheduled rate of GS-9 of the Classification Act of 1949, as amended, transferred from the Foreign Operations Administration to any other agency pursuant to Executive order may be terminated, but this authority shall not be applicable to any person entitled to veterans' preference for Federal Government employment, nor shall this authority be exercised to discriminate against any such person on account of political affiliation."

Mr. VORYS. Mr. Chairman, this is the so-called Capehart amendment on personnel, a compromise amendment on personnel, which was offered in the Senate and defeated by a vote of 40 to 40, a straight party vote, while the Vice President was out making a speech.

We have gone along with a very bipartisan approach on this bill, but when it comes to the matter of personnel then the thing gets a new look. In the previous bills on mutual security, the Marshall plan, European recovery plan, we always gave an administrator of the plan some latitude to pick his help and to choose people without regard to all of the technicalities of the civil service. A lot of people who have gotten in that way are now under the civil service.

Something new has been added to this program today. It moves into the State Department and it will be under the Honorable John B. Hollister, of Cincinnati, who will be Director.

May I say that the administration request was far broader than this amendment, but this restricts the Director to merely 200 in those above GS-9 whose employment can be terminated without regard to all of the bumping rights and the rest of it under the civil service, although the amendment I have proposed provides veterans' preference for all employees. And I inserted the following words at the end which were not in the Capehart amendment, in order to make it clear that FOA under the State Department, or any other department, is not to be a political haven for either Democrats or Republicans. The last phrase which I have added to the Capehart amendment, which lost on a 40 to 40 vote in the other body, is as follows: "nor shall this authority be exercised to discriminate against any such person on account of political affiliation."

It seems to me when we put a new man in charge of this organization under the State Department, we ought to give him a little elbow room to choose his own help.

Mr. SHORT. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield to the gentleman from Missouri.

Mr. SHORT. In 1952 we voted for a change. I would like the gentleman to tell me how we can change a postmaster or a rural carrier?

Mr. VORYS. As a matter of fact, I am in the process of making a change in the case of a postmaster at home right now.

Mr. HAYS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield to the gentleman from Ohio.

Mr. HAYS of Ohio. The gentleman does not think that our fellow citizens, geographically that is, Mr. Hollister, will fire the Republicans, does he?

Mr. VORYS. I do not know. I understand that he plans to demand competence from all employees and not play politics.

Mr. ZABLOCKI. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield to the gentleman from Wisconsin.

Mr. ZABLOCKI. Your amendment provides for a reduction in force of 200 to be replaced by 200 other people; is that not right?

Mr. VORYS. No; it does not provide for a reduction in force. Remember for Korea, Formosa, and Indochina there is about a billion dollars involved, and the matter was presented to us that due to the growth of the Asian program probably more personnel will be needed in the coming year than in the past year. There is \$2 million more for personnel in this bill we are considering than there was in a similar bill last year.

Mr. ZABLOCKI. May I restate my question? Your amendment proposes to permit the removal of 200 and then to have the 200 replaced by other personnel?

Mr. VORYS. We cannot guarantee that a reduction of 200 can be made by January 1.

Mr. CELLER. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield to the gentleman from New York.

Mr. CELLER. In essence and in all truth, does not your argument boil down to the fact that you want 200 deserving Republicans to get jobs?

Mr. VORYS. No, it does not. And, as I say, the first steps taken would make it quite clear, I think, that this is not being done at the present time. This is an administration request that involves personnel. Protection against discrimination on account of political affiliation is written in, and we are going to see how much administration support we can get for this new Director and for this department from both sides of the aisle.

Mr. RICHARDS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I think we had better leave the opportunity for playing even a little politics out of this bill. I am not sure that there will be politics in it, because I know that Mr. Hollister is a pretty good man. What he knows about the administration of a large agency like this remains to be seen. But, I think that anybody he fires under this program should be fired under existing law and the regular civil-service regulations. I believe we can agree which way the amendment would have gone had the Vice President been on hand in the Senate to break that tie. I think we have enough Democrats here today so that there will be no question and therefore I am constrained to disagree with my friend.

Mr. SHORT. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield to the gentleman from Missouri.

Mr. SHORT. I understand a good Republican from my district is scheduled to be fired.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio [Mr. Vorys].

The question was taken; and on a division (demanded by Mr. Vorys), there were—ayes 108, noes 136.

So the amendment was rejected.

The Clerk read as follows:

SEC. 11. Title V, chapter 3, of the Mutual Security Act of 1954, which relates to repeal and miscellaneous provisions, is amended by adding after section 547, the following new sections:

"SEC. 548. Unexpended balances: Unexpended balances of funds heretofore made available under authority of this act are hereby authorized to be continued available for the general purposes for which appropriated, and may be consolidated with appropriations made available beginning in fiscal year 1956 for the same general purposes under the authority of this act: *Provided, however,* That unexpended balances in excess of \$200,000,000 not obligated by June 30, 1955, in accordance with the provisions of section 1311 of the Supplemental Appropriation Act, 1955 (Public Law 663, 83d Cong.), or reserved in accordance with the provisions of section 110 of the Mutual Security Appropriation Act, 1955 (Public Law 778, 83d Cong.), are not authorized to be continued available after such date.



"SEC. 549. Statement of congressional policy: It is the sense of the Congress that inasmuch as—

"(1) the United States, through mutual-security programs, has made substantial contributions to the economic recovery and rehabilitation of the nations of Western Europe;

"(2) due in part to those programs, it has been possible for such nations to achieve complete economic recovery and to regain their military strength; and

"(3) certain other friendly nations of the world remain in need of assistance in order that they may defend themselves against aggression and contribute to the security of the free world,

those nations that have been assisted in their recovery should, in the future, share with the United States the financial burden of providing aid to those countries which are still in need of assistance of the type provided under this act."

The CHAIRMAN. The Clerk will report the first committee amendment.

The Clerk read as follows:

Committee amendment: Page 18, line 22, after "amended", strike out the balance of the line and the word "sections" on line 23, and insert: "as follows:

"(a) At the end of section 544, which relates to amendments to other laws, add the following new subsections:

"(c) The first sentence of section 2 of the act of June 27, 1942, entitled "An act to exempt from duty personal and household effects brought into the United States under Government orders", as amended (U. S. C., title 50 App., sec. 802), is hereby further amended by striking out "1955" and inserting in lieu thereof "1956".

"(d) Public Law 480, 83d Congress (68 Stat. 454), is hereby amended by adding after section 305 the following new section:

"Sec. 306. In order to carry out more effectively the policies and purposes of this act, the President may exercise the authority provided herein without regard to the provisions of section 901 (b) of the Merchant Marine Act of 1936, as amended, or any other law relating to the ocean transportation of commodities, materials, and equipment on United States-flag vessels."

"(b) After section 547 add the following new sections."

Mr. MILLS. Mr. Chairman, I make the point of order against the amendment, of course, that it is not germane to the bill.

The CHAIRMAN. Does the gentleman from South Carolina desire to be heard?

Mr. RICHARDS. Mr. Chairman, may I ask if the gentleman raises the point of order in both instances?

Mr. MILLS. I base the point of order on the language of the amendment on page 19, lines 1 through 6. I am not advised as to the remainder of the amendment, but I do know that the language referred to is not germane to this bill. That language extends a provision of law relating to duties, which passed through the Congress initially coming from the Committee on Ways and Means. Incidentally, the House has already passed a bill extending this provision reported from the Committee on Ways and Means.

Mr. RICHARDS. I concede the point of order, Mr. Chairman.

The CHAIRMAN. The point of order is conceded and the point of order is sustained. A point of order to a part of an amendment makes the whole amend-

ment subject to a point of order, so the whole amendment goes out on the point of order.

Mr. BAILEY. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. BAILEY. I have an amendment to offer that would apply at the bottom of page 20 following line 25. May I inquire of the Chair, if the committee amendment at the top of page 21 under subsection (b) is approved, will that preclude me from offering an amendment to the bottom of page 20?

The CHAIRMAN. The gentleman would have to offer his amendment before the committee amendment to which he refers is considered.

Mr. BAILEY. May I inquire of the Chair how I might get recognition ahead of a member of the committee?

The CHAIRMAN. As soon as we dispose of the committee amendment preceding the place where the gentleman wants to offer his amendment, the gentleman may seek recognition.

The Clerk will report the committee amendment.

The Clerk read as follows:

Committee amendment: Page 20, line 8, after "549." insert "(a)."

The committee amendment was agreed to.

The Clerk read as follows:

Committee amendment: On page 20, line 22, after "States" insert "to a greater extent."

The committee amendment was agreed to.

Mr. BAILEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BAILEY: On page 20, after line 25, insert a new subsection as follows:

"(b) It is the sense of the Congress that where there are areas within the continental United States in which unemployment statistics as certified by the Secretary of Labor exceed 15 percent of the labor force in such area or areas, the areas in question are hereby declared to be eligible for assistance under the provisions of this act."

Mr. RICHARDS. Mr. Chairman, I make the point of order against the amendment that it is not germane, obviously.

Mr. BAILEY. Mr. Chairman, the gentleman from West Virginia reserves the right to argue the point of germaneness.

The CHAIRMAN. The Chair will be pleased to hear the gentleman from West Virginia.

Mr. RICHARDS. While the gentleman is speaking, I will reserve my point of order.

Mr. BAILEY. Mr. Chairman, it is evident that the amendment even if it were germane, assuming the attitude of the House at this stage of the proceedings, would not stand much chance of approval. However, Mr. Chairman, I think that I should argue the point of germaneness at least by calling attention to the fact that the title to the act itself invites just such an amendment as mine: "To amend the Mutual Se-

curity Act of 1954, and for other purposes."

Let me ask, Mr. Chairman, if this amendment is not germane and it is ruled out of order, where, then, may I inquire, is the mutuality? Is not the United States a part of this pact that we are setting up here? What may I ask is the object of this? It is for the betterment and the welding together of the free nations of the world. Mr. Chairman, may I inquire: Is not the United States one of those free nations or is not any part of the United States? May I call the attention of the Chair to the second page of the bill, lines 17, 18, 19 and 20. There it speaks of setting up a security pact for the North Atlantic—NATO. May I inquire: Is not the United States a part of that organization. Then let us go to page 7, lines 20 to 23 inclusive, which reads:

(2) Insert the following before the period at the end of paragraph (b): "; in addition, \$1,500,000 for the fiscal year 1956 for contributions to the technical cooperation programs of the Organization of American States".

May I inquire, Mr. Chairman, is not the United States one of the American states? I think there is plenty of germaneness here, which is evident from the contents of the bill itself.

Mr. Chairman, I want to call the attention of the Congress to the fact that we are getting a long, long way from the interests of America. The purpose of offering this amendment is to call the attention of the Congress to the fact that we have within the continental United States sections of our economy which are in much worse condition than the economy of some of the nations it is proposed by this bill to give assistance to, both technical and economic. I just want to put this Congress on record to say whether they want to dish out \$3½ billion for the use of some foreign countries when it could very well be used here at home. Another thing I have in mind is that before this session of the Congress closes, I would like this Congress to make available some \$300 million or \$400 million to start a program to take care of our school classrooms. I want to call the attention of the Congress to the situation here in America.

The CHAIRMAN (Mr. COOPER). The Chair is prepared to rule.

The gentleman from West Virginia has offered an amendment which has been reported. Against that amendment, the gentleman from South Carolina has made a point of order on the ground that it is not germane to the pending bill. The Chair invites attention to the fact that the pending bill is to amend the Mutual Security Act of 1954. The bill relates entirely to aid to foreign countries. The amendment offered by the gentleman from West Virginia relates entirely to assistance to areas in this country. Certainly, there can be no connection between the two. The bill under consideration is a bill for foreign aid. The amendment offered by the gentleman from West Virginia is an amendment for local aid confined to areas in this country, and certainly is not germane to the



pending bill. Therefore, the Chair sustains the point of order.

The Clerk read as follows:

Committee amendment: On page 20, line 25, strike out "act." and Insert "act."

Page 21, add the following:

"(b) It is the sense of the Congress that assistance under this act shall be administered so as to assist other peoples in their efforts to achieve self-government or independence under circumstances which will enable them to assume an equal station among the free nations of the world."

"SEC. 12. It is hereby declared to be the continuing sense of the Congress that the Communist regime in China has not demonstrated its willingness to fulfill the obligations contained in the Charter of the United Nations and should not be recognized to represent China in the United Nations."

Mr. WILLIAMS of New Jersey. Mr. Chairman, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. WILLIAMS of New Jersey to the committee amendment: On page 21, line 5, strike the period and quotation mark and add a semicolon and the following: "to encourage indigenous planning for the use of the full resources of the recipient countries, equitable distribution of the product that develops, a favorable land system, and the other attributes of a democratic society; and to encourage regional cooperation in maximizing the development and utilization of economic resources in order to assure maximum self-help in advancing toward better standards of life for all."

Mr. WILLIAMS of New Jersey. Mr. Chairman, I will be very brief.

It was said by one of the witnesses before our committee that next to colonialism feudalism is Moscow's most dependable ally. In the first part of the committee amendment we recognize this and we take a stand against colonialism and I think that is fine to demonstrate our support of people who are trying to throw off the yoke of colonialism.

But it seems to me it could go further and encourage those who are trying to get out from under archaic and restrictive economies and fight their way into a free and democratic economy. For that reason I have offered the first part of my amendment.

We heard yesterday that in some of the countries we assist, some of the wealthiest people are taxed at low, low rates. We heard also that in some of these countries people are driving Cadillacs, wearing mink coats, and that there is a lot of expensive perfume. I think if we state a policy that we are against those systems that do not help themselves, but are willing to help people who help themselves through solid, sound, free, and democratic economies we will achieve the security we want much sooner.

The final part of my amendment would encourage regional planning. We find in Europe where nations get together and evaluate their own needs and exchange efforts and then come for assistance, the assistance is directed at better, more productive, and sounder goals.

I therefore urge this as an addition to the colonialism part of the committee amendment.

Mr. RICHARDS. Mr. Chairman, I rise in opposition to the gentleman's amendment. I do not know that it does much good; I doubt that it does any harm. I am sure the gentleman remembers that in section 11 of the bill, subsection (b) we say already:

It is the sense of the Congress that assistance under this act shall be administered so as to assist other peoples in their efforts to achieve self-government or independence under circumstances which will enable them to assume an equal station among the free nations of the world.

I think that is about as far as we can go. No one has more admiration for the gentleman from New Jersey for the able and hard work he does in our committee, but I just do not want to clutter up this bill with sentiments, even though they may be beautiful; after a while they get rather wearing.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield.

Mr. GROSS. Would the gentleman think that if we invite them to get together in regional plans that they could dig some more money out of us?

Mr. RICHARDS. I do not think so. If we get them together by regions they will need less assistance.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New Jersey [Mr. WILLIAMS]. The amendment was rejected.

The CHAIRMAN. The question recurs on the committee amendment.

Mr. JUDD. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. JUDD. The Clerk read section 12. Should not the amendment that we are voting on now include only the first 5 lines at the top of page 21 and finish section 11 before we move to section 12?

The CHAIRMAN. It appears to the Chair it is all one amendment.

Mr. JUDD. No. Section 12 is a separate amendment to the bill.

The CHAIRMAN. It was so indicated in the report on the bill.

Mr. JUDD. It seems to me, looking at the bill, that section 12 is a separate section of the original bill, S. 2090.

The CHAIRMAN. The Chair invites the gentleman's attention to page 3 of the committee report which appears to embrace it all as one amendment.

Mr. RICHARDS. Mr. Chairman, I do not know whether the chair has ruled, but I think the gentleman from Minnesota is in error in his position. This is all one amendment.

Mr. JUDD. Mr. Chairman, a further parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. JUDD. Mr. Chairman, will it be possible to ask for a separate vote on section 12, just a standing vote? A member of another body, the judicial branch, is in Asia making remarks that America's foreign policy should be favorable to admission of Communist China in opposition to the repeated and unanimous expressions of this Congress. I should like to have a separate vote on section 12, a standing vote, to show that

we are unanimous, as I think we will be, on that point. We may not be unanimous on the final passage of the whole bill.

The CHAIRMAN. Does the gentleman desire to ask unanimous consent that the amendment be divided?

Mr. JUDD. I do, Mr. Chairman.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

The CHAIRMAN. The question is on the first part of the committee amendment.

The first part of the committee amendment was agreed to.

The CHAIRMAN. The question is on the second part of the committee amendment.

Mr. JUDD. A parliamentary inquiry, Mr. Chairman.

The CHAIRMAN. The gentleman will state it.

Mr. JUDD. If a standing vote is taken now and is unanimous, will the record show it was unanimous? If I withdraw that request, may I ask for a separate vote on it after we are back in the House?

The CHAIRMAN. No; the gentleman cannot do that. The gentleman, the Chair may say, imposes a considerable burden on the Chair to state how the vote of the committee is going to be.

The question is on the second part of the committee amendment.

The question was taken; and on a division (demanded by Mr. JUDD) there were—ayes 221, noes 0.

So the second part of the committee amendment was agreed to.

Mr. TUMULTY. Mr. Chairman, I regret the House failed to amend the mutual-security bill in many instances, but most particularly in overriding the amendment of the Member from New York [Mrs. KELLY]. We should have cut off all aid to Tito who has the blood of innocent people on his hands. Although I supported Mrs. KELLY's amendment and I am working for the bill on final passage. I do so relying on the promise that the President will act after the summit. These aid programs to countries like atheistic Yugoslavia must end soon.

Mr. CURTIS of Missouri. Mr. Chairman, it is a difficult thing to take a position on basic and important legislation knowing full well ahead of time that what you say will have little or no effect upon the votes of your colleagues and will be misunderstood by your constituency. And yet there are times when such a position must be taken in the hopes that in time, and with the small assist from the protest registered, the significance of the position will be understood.

I am opposing and voting against the present bill to authorize the expenditure of \$3.5 billion additional Federal funds for the mutual-security program. I am strongly in favor of the professed objectives of the mutual-security program and to this extent I differ from probably the bulk of those speaking against and voting against this legislation today. In the past in order to try to express my



views I have voted for the authorization bills to show my approval of the objectives of the program, and against the appropriation bills carrying out the authorization program to show my disapproval of what seemed to me to be lack of budgetary justifications for the sums of money requested to carry out these programs.

I have read the report of the Foreign Affairs Committee on this \$3.5 billion authorization bill. I have gone further. I have read most of the 778 pages of recorded hearings conducted by this committee in its 10 days of hearings. I have listened to the remarks of the members of the committee made on the floor of the House during this debate. I have personally talked to individual members of the committee on the floor to check my judgment of what seemed to me to be the situation confronting the House on this legislation.

Regretfully, I state that in my judgment we have before us an almost complete collapse of responsibility of the House committee to the members of the House and a collapse of responsibility of the executive department agencies in giving to that committee the necessary information to pass intelligent judgment upon the program requested by the executive department.

No one can tell beyond a series of generalities what the program has been, is, and is proposed to be. Members of the committee have been rather frank in admitting that the proposal in effect is a blank check to the executive department. Perhaps a blank check of a few dollars might have some justification, but gentlemen a blank check of \$3.5 billion is a rather complete capitulation of the responsibilities the Congress owes to the people who have elected them to serve as their representatives to study and consider the proposals advanced by the executive department.

The committee has said that they will follow carefully the expenditure of the funds, but these are hollow words and idle promises in light of the complete failure as revealed in the hearings to follow and understand what the expenditures in the past have been for.

Eight billion, seven hundred million dollars of unexpended, but allegedly obligated, funds remain as a carryover from the previous years. I say "allegedly" obligated funds because I have found as has any committee of the Congress or any individual Congressman who has looked into some of the contracts under which funds have been alleged to be obligated, that in actuality many of these obligations are completely phony, many are under completely unrealistic contracts, many are under unauthorized contracts, many are on their face wasteful contracts and so forth.

The persons in the executive department appearing before the committee in justification of the authorizations first stated that the unexpended and unobligated balances were \$100 million. A few days later the amount was amended to be \$200 million and just a few days before the bill came to the floor the amount had risen to almost \$700 million. Now what does this spell out? It spells

out two things: First, those in charge of the program do not know very much about the details of their fiscal affairs; second, somebody, or somebodies in the executive department had been guilty of concealing the exact fiscal picture.

Now my friends on the Foreign Affairs Committee, a legislative committee, may say that these fiscal matters are not their affair but the proper affair of the Appropriations Committee. Basically these matters are matters for the Appropriations Committee, but I might remind my friends on the legislative committee that the best and, indeed, the only real way to find out what has truly been going on in a program is to look into some of the expenditures of funds to see. Look into the contracts under which funds have been spent and are obligated. In this way, and in this way alone, you will get a true picture of what the real objectives of the program have amounted to in reality in relation to what we had planned them to be.

Yet the executive department officials in their testimony before the committee rather frankly—and this is refreshing—admit they do not themselves know what all the obligation of funds are about, but that they hope to get on top of them soon. How, indeed, can they come before the Congress under these circumstances and ask for any additional funds? And the committee instead of sending the executive officials back to their offices downtown to get their shop in order, lets them get away with the most inadequate case of justification for funds I have seen since I have been in the Congress.

Now we do not get friends abroad or allies by pretty speeches, pious hopes, and fancy plans. I can make pretty speeches, too. I can have hopes and I can make plans and as I have said I agree with the general objectives set forth by the advocates of the mutual security program, but they mean not a thing if they do not relate to reality. It is through intelligent expenditure of funds that plans become realities.

The relationship of Congressman Judd's fine oratory about the objectives of this proposed mutual security program and the bill now before us is so distant that when he talks about objectives he in truth is not speaking to the bill.

Fiscal irresponsibility, and the case before us is a gross one, hurts the objectives of a program. The waste; the stupidity, the unreality of many of the programs actually put into effect by the expenditure of funds under the mutual security program are known to any Congressman or American who has traveled abroad. These programs have hurt the United States and its cause, not helped the United States. The expenditure of funds unrealistically has undermined the very objectives so eloquently presented by the proponents of this measure in debate.

These are strong words I am uttering, but I would not make them if the situation I am describing were not so patently true.

As a Republican, I am ashamed of my administration which campaigned basically on a platform of fiscal responsibility

for presenting a program in such a shoddy fashion. It hurts badly the cause of fiscal responsibility for which I hope we are still working; it hurts the cause of a balanced budget; it hurts the possibilities of a tax reduction; and to reiterate it badly hurts the very program it seeks to advance.

Eight billion seven hundred million dollars of obligated funds unchecked by the Congress, under the various procedures developed by the executive agencies in deobligating and reobligating funds, is a blank check. The new \$3.5 billion is by admission to be a blank check. Twelve billion two hundred million dollars is a serious sum of money to grant even under rigid checks and controls, let alone under a blank-check formula.

The expenditure of \$12.3 billion constitutes vast powers for good or ill, so vast that no bad man should be entrusted with such powers and no good man should ask for them.

The damage has been done. No plea of mine will change the course of action upon which we have embarked. The best I could offer in the way of a suggestion to correct the errors is for the House to recommit this bill back to the committee with instructions to forthwith conduct complete and adequate hearings to find out from the executive department how the money in the past has been spent, what the money is presently obligated to be spent for, and what the money requested for in the future is to be spent for. This would require a month of steady work by many men judging from the inadequacies of the executive department's books revealed in the hearings. The Congress would have to stay in session on into the fall. Yet this should be done, though I know it will not.

The next best step, of course, is for the Appropriation Committee to go into both the past, the present, and future of the expenditure of these funds and put reality into the picture. This means rescinding contracts that have no sense or justification and are outside the intent of the program. It means writing legislation in an appropriations bill to the extent that has never been done before to protect against future injudicious spending.

If the mutual security program is to attain its objectives this must be done. If the Congress is to live up to its responsibilities to the people it represents it must be done. If the executive department is truly going to recognize the importance of the constitutional division of powers and the necessity of an independent legislature in a free society it must be done.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. COOPER, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (S. 2090) to amend the Mutual Security Act of 1954, and for other purposes, pursuant to House Resolution 288, he reported the bill back to the House with



sundry amendments adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time and was read the third time.

Mr. SMITH of Wisconsin. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. SMITH of Wisconsin. I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. SMITH of Wisconsin moves to recommit the bill S. 2090 to the Committee on Foreign Affairs with instructions to report the same to the House forthwith with the following amendment: On page 5, line 21, strike out the semicolon at the end of paragraph 3 and insert the following: "and only so long as it shall waive all criminal jurisdiction over personnel of the Armed Forces of the United States stationed in such nation as a result of such treaties or agreements."

The SPEAKER. Without objection, the previous question is ordered.

There was no objection.

The SPEAKER. The question is on the motion to recommit.

Mr. SMITH of Wisconsin. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were refused.

The SPEAKER. The question is on the motion to recommit.

The motion to recommit was rejected.

The SPEAKER. The question is on passage of the Senate bill.

Mr. RICHARDS. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 273, nays 128, not voting 33, as follows:

[Roll No. 105]

YEAS—273

Addonizio  
Albert  
Allen, Calif.  
Allen, Ill.  
Anfuso  
Arends  
Ashley  
Aspinall  
Auchincloss  
Avery  
Ayres  
Baker  
Baldwin  
Barrett  
Bass, N. H.  
Bates  
Baumhart  
Becker  
Bennett, Fla.  
Blatnik  
Boggs  
Boland  
Bolling  
Bolton,  
Frances P.  
Bowler  
Boyle  
Brooks, Tex.  
Brown, Ga.  
Broyhill  
Buckley  
Burleson

Burnside  
Bush  
Byrd  
Byrne, Pa.  
Byrnes, Wis.  
Cannon  
Carnahan  
Carrigg  
Celler  
Chelf  
Chenoweth  
Chiperfield  
Christopher  
Clark  
Cole  
Cooper  
Corbett  
Coudert  
Cramer  
Cretella  
Cunningham  
Curtis, Mass.  
Dague  
Davis, Ga.  
Davis, Tenn.  
Dawson, Utah  
Deane  
Delaney  
Denton  
Derounian  
Devereux  
Dixon

Dodd  
Dollinger  
Dolliver  
Donohue  
Donovan  
Dorn, N. Y.  
Edmondson  
Elllott  
Ellsworth  
Engle  
Evins  
Fallon  
Fascell  
Feighan  
Fenton  
Fernandez  
Fine  
Fino  
Flood  
Fogarty  
Forand  
Ford  
Forrester  
Frazier  
Frellnghuysen  
Friedel  
Fulton  
Gamble  
Garmatz  
Gary  
Gathings  
Gordon

Granahan  
Green, Oreg.  
Gregory  
Griffiths  
Hagen  
Hale  
Halleck  
Harden  
Hardy  
Hays, Ark.  
Hays, Ohio  
Hayworth  
Hébert  
Heseltan  
Hess  
Hill  
Hillings  
Hinshaw  
Holfield  
Holmes  
Holt  
Holtzman  
Hope  
Horan  
Hosmer  
Huddleston  
Hyde  
Ikard  
Jarman  
Jenkins  
Johnson, Calif.  
Johnson, Wis.  
Jones, Ala.  
Jones, Mo.  
Judd  
Karsten  
Kean  
Keating  
Kee  
Kelley, Pa.  
Kelly, N. Y.  
Keogh  
Kilburn  
Kilday  
King, Calif.  
Kirwan  
Klein  
Kluczynski  
Knutson  
Lane  
Lanham  
Lankford  
Latham  
LeCompte  
Lesinski  
Llpscomb  
McCarthy  
McConnell  
McCormack  
McDonough

McDowell  
McMillan  
Macdonald  
Machrowicz  
Madden  
Magnuson  
Mahon  
Maillard  
Marshall  
Martin  
Matthews  
Meader  
Merron  
Metcalfe  
Miller, Calif.  
Miller, Md.  
Miller, N. Y.  
Minshall  
Mollohan  
Morano  
Morgan  
Moss  
Multer  
Murray, Ill.  
Murray, Tenn.  
Natcher  
Norblad  
O'Brien, Ill.  
O'Brien, N. Y.  
O'Hara, Ill.  
O'Neill  
Osmers  
Ostertag  
Patman  
Patterson  
Pelly  
Pfost  
Philbin  
Pilcher  
Pillion  
Poage  
Poff  
Powell  
Preston  
Price  
Priest  
Prouty  
Quigley  
Rabaut  
Radwan  
Rains  
Ray  
Reuss  
Rhodes, Ariz.  
Rhodes, Pa.  
Richards  
Riehlman  
Riley  
Roberts  
Robison, Ky.

NAYS—128

Abbitt  
Abernethy  
Adair  
Alexander  
Alger  
Andersen,  
H. Carl  
Andresen,  
August H.  
Andrews  
Ashmore  
Bailey  
Bass, Tenn.  
Beamer  
Belcher  
Bell  
Bennett, Mich.  
Bentley  
Berry  
Betts  
Blitch  
Bonner  
Bosch  
Bow  
Bray  
Brooks, La.  
Brown, Ohio  
Brownson  
Budge  
Burdick  
Carlyle  
Cederberg  
Chase  
Church  
Clevenger  
Colmer  
Cooley  
Coon  
Crumpacker  
Curtis, Mo.  
Davis, Wis.  
Dies

Dondero  
Dorn, S. C.  
Dowdy  
Durham  
Fisher  
Fjare  
Flynt  
Fountain  
Gavin  
Gentry  
Gray  
Gross  
Gwinn  
Haley  
Hand  
Harris  
Harrison, Nebr.  
Harrison, Va.  
Harvey  
Henderson  
Herlong  
Hlestand  
Hoeven  
Hoffman, Ill.  
Hoffman, Mich.  
Hull  
Jennings  
Jensen  
Johansen  
Jonas  
Jones, N. C.  
Kilgore  
King, Pa.  
Knox  
Krueger  
Laird  
Landrum  
Long  
Lovre  
McCulloch  
McIntire  
McVey

Rodino  
Rogers, Colo.  
Rogers, Mass.  
Rooney  
Roosevelt  
Sadlak  
St. George  
Schenck  
Schwengel  
Scott  
Scudder  
Seely-Brown  
Selden  
Shelley  
Sheppard  
Sieminski  
Simpson, Pa.  
Sisk  
Smith, Miss.  
Spence  
Springer  
Staggers  
Steed  
Sullivan  
Taber  
Taylor  
Teague, Calif.  
Teague, Tex.  
Thompson, N. J.  
Thompson, Tex.  
Thomson, Wyo.  
Thornberry  
Tollefson  
Trimble  
Tumulty  
Udall  
Vanik  
Vinson  
Vorys  
Vursell  
Walnwright  
Walter  
Watts  
Westland  
Wickersham  
Widnall  
Wigglesworth  
Williams, N. J.  
Wilson, Calif.  
Wilson, Ind.  
Wolcott  
Wolverton  
Wright  
Yates  
Young  
Younger  
Zablocki  
Zelenko

Williams, Miss. Willis  
Williams, N. Y. Winstead

NOT VOTING—33

Barden  
Bolton,  
Oliver P.  
Boykin  
Buchanan  
Canfield  
Chatham  
Chudoff  
Davidson  
Dawson, Ill.  
Dempsey  
Diggs

Dingell  
Doyle  
Eberharter  
George  
Grant  
Green, Pa.  
Gubser  
Jackson  
James  
Kearney  
Kearns  
McGregor

Mack, Ill.  
Morrison  
Moulder  
Mumma  
Perkins  
Polk  
Reece, Tenn.  
Reed, N. Y.  
Rivers  
Scherer

So the bill was passed.  
The Clerk announced the following pairs:

On this vote:  
Mr. Polk for, with Mr. Dempsey against.  
Mr. Boykin for, with Mr. Moulder against.  
Mr. George for, with Mr. Reece of Tennessee against.  
Mr. Eberharter for, with Mr. Barden against.  
Mr. Davidson for, with Mr. McGregor against.  
Mr. Doyle for, with Mr. Scherer against.

General pairs:  
Mr. Morrison with Mr. Gubser.  
Mr. Dingell with Mr. James.  
Mrs. Buchanan with Mr. Jackson.  
Mr. Dawson of Illinois with Mr. Kearney.  
Mr. Chatham with Mr. Kearns.  
Mr. Chudoff with Mr. Reed of New York.  
Mr. Green of Pennsylvania with Mr. Mumma.  
Mr. Diggs with Mr. Canfield.  
Mr. Rivers with Mr. Oliver P. Bolton.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Mr. RICHARDS. Mr. Speaker, I ask unanimous consent that the House insist on its amendments to the bill S. 2090, and request a conference with the Senate.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina? [After a pause.] The Chair hears none, and appoints the following conferees: MESSRS. RICHARDS, MORGAN, ZABLOCKI, VORYS, and JUDD.

GENERAL LEAVE TO EXTEND  
REMARKS

Mr. RICHARDS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

FURTHER MESSAGE FROM THE  
SENATE

A further message from the Senate, by Mr. Ast, one of its clerks, announced that the Senate had passed without amendment bills and a joint resolution of the House of the following titles:

- H. R. 928. An act for the relief of Eugenio Malda;
- H. R. 989. An act for the relief of Dr. Louis J. Sebille;
- H. R. 990. An act for the relief of Takako Riu Reich;



H. R. 1111. An act for the relief of Philip Mack;

H. R. 1163. An act for the relief of Lee Houn and Lily Ho Lee Houn;

H. R. 1247. An act for the relief of Carol Brandon (Valtrude Probst);

H. R. 1255. An act for the relief of Ferenc Babothy;

H. R. 1281. An act for the relief of Carlo Nonvenuto;

H. R. 1283. An act for the relief of Oiga Joannou Georgulea;

H. R. 1287. An act for the relief of David Mordka Borenstajn, Itta Borenstajn nee Schipper, and Fella Borenstajn Reichlinger;

H. R. 1357. An act for the relief of Chin York Gay;

H. R. 1417. An act for the relief of Charles (Carlos) Gerlicz;

H. R. 1467. An act for the relief of Stjepo Buich;

H. R. 1472. An act for the relief of Victor Manuel Soares De Mendonca;

H. R. 1473. An act for the relief of Eleonore Hauser;

H. R. 1474. An act for the relief of Ross Sherman Trigg;

H. R. 1475. An act for the relief of Wing Chong Chan;

H. R. 1525. An act for the relief of Ardes Albacete Yanez;

H. R. 2470. An act for the relief of T. C. Elliott;

H. R. 2933. An act for the relief of Mrs. Berta Mansergh;

H. R. 3069. An act for the relief of Eufonio D. Espina;

H. R. 3070. An act for the relief of Mrs. Lee Tai Hung Quan and Quan Ah Sang;

H. R. 3075. An act for the relief of Virgil Won (also known as Virgilio Jackson);

H. R. 3194. An act for the relief of E. S. Berney;

H. R. 3271. An act for the relief of John Lloyd Smelcer;

H. R. 6871. An act to continue the effectiveness of the act of December 2, 1942, as amended, and the act of July 28, 1945, as amended, relating to war-risk hazard and detention benefits until July 1, 1956;

H. R. 6992. An act to extend for 1 year the existing temporary increase in the public debt limit;

H. J. Res. 365. Joint resolution making an additional appropriation for the fiscal year ending June 30, 1955; and

H. J. Res. 366. Joint resolution making temporary appropriations for the fiscal year 1956, providing for increased pay costs for the fiscal year 1955, and for other purposes.

The message also announced that the Senate had passed, with an amendment in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 5560. An act relating to the free importation of personal and household effects brought into the United States under Government orders, and for other purposes.

The message also announced that the Senate agrees to the reports of the committees of conference on the disagreeing votes of the two Houses on the amendments of the Senate to bills of the House of the following titles:

H. R. 6042. An act making appropriations for the Department of Defense for the fiscal year ending June 30, 1956, and for other purposes; and

H. R. 6239. An act making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending June 30, 1956, and for other purposes.

The message also announced that the Senate agrees to the report of the com-

mittee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 727) entitled "An act to adjust the salaries of the judges of the Municipal Court of Appeals for the District of Columbia, the Municipal Court for the District of Columbia, the Juvenile Court of the District of Columbia, and the District of Columbia Tax Court."

The message also announced that the Vice President has appointed Mr. JOHNSTON of South Carolina and Mr. CARLSON members of the Joint Select Committee on the part of the Senate, as provided for in the act of August 5, 1939, entitled "An act to provide for the disposition of certain records of the United States Government," for the disposition of executive papers referred to in the report of the Archivist of the United States No. 55-20.

# STATE, JUSTICE, AND JUDICIARY APPROPRIATION BILL, 1956

Mr. ROONEY. Mr. Speaker, I ask unanimous consent that the managers on the part of the House may have until midnight tonight to file a conference report on the bill H. R. 5502, the State, Justice, and judiciary appropriation bill.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The conference report and statement are as follows:

## CONFERENCE REPORT (H. REPT. No. 1043)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5502) making appropriations for the Departments of State and Justice, the judiciary, and related agencies for the fiscal year ending June 30, 1956, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 3, 4, 9, 11, 17, 23, 24, 25, 34, 40, 43, 44, 45, 48, 51, and 52.

That the House recede from its disagreement to the amendments of the Senate numbered 18, 19, 22, 32, 33, 39, and 53, and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$66,760,000"; and the Senate agree to the same.

Amendment numbered 5: That the House recede from its disagreement to the amendment of the Senate numbered 5, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$575,000"; and the Senate agree to the same.

Amendment numbered 6: That the House recede from its disagreement to the amendment of the Senate numbered 6, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$8,500,000"; and the Senate agree to the same.

Amendment numbered 7: That the House recede from its disagreement to the amendment of the Senate numbered 7, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$7,500,000"; and the Senate agree to the same.

Amendment numbered 8: That the House recede from its disagreement to the amendment of the Senate numbered 8, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$900,000"; and the Senate agree to the same.

Amendment numbered 10: That the House recede from its disagreement to the amendment of the Senate numbered 10; and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$28,115,905"; and the Senate agree to the same.

Amendment numbered 14: That the House recede from its disagreement to the amendment of the Senate numbered 14, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$1,300,000"; and the Senate agree to the same.

Amendment numbered 15: That the House recede from its disagreement to the amendment of the Senate numbered 15, and agree to the same with an amendment as follows: In lieu of the matter proposed by said amendment insert "fence or demarcation"; and the Senate agree to the same.

Amendment numbered 16: That the House recede from its disagreement to the amendment of the Senate numbered 16, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$285,000"; and the Senate agree to the same.

Amendment numbered 20: That the House recede from its disagreement to the amendment of the Senate numbered 20, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$18,000,000"; and the Senate agree to the same.

Amendment numbered 21: That the House recede from its disagreement to the amendment of the Senate numbered 21, and agree to the same with an amendment as follows: Restore the matter stricken out by said amendment, amended to read as follows: "Provided, That not to exceed \$3,300,000 may be used for administrative expenses during the current fiscal year"; and the Senate agree to the same.

Amendment numbered 26: That the House recede from its disagreement to the amendment of the Senate numbered 26, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$2,570,000"; and the Senate agree to the same.

Amendment numbered 28: That the House recede from its disagreement to the amendment of the Senate numbered 28, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$9,300,000"; and the Senate agree to the same.

Amendment numbered 29: That the House recede from its disagreement to the amendment of the Senate numbered 29, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$17,240,000"; and the Senate agree to the same.

Amendment numbered 31: That the House recede from its disagreement to the amendment of the Senate numbered 31, and agree to the same with an amendment as follows: In lieu of the matter stricken out and inserted by said amendment insert "one hundred and seventy"; and the Senate agree to the same.

Amendment numbered 36: That the House recede from its disagreement to the amendment of the Senate numbered 36, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$28,800,000"; and the Senate agree to the same.

Amendment numbered 38: That the House recede from its disagreement to the amend-







# Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

Issued July 5, 1955

For actions of July 1, 1955

84th-1st, No. 112

OFFICE OF BUDGET AND FINANCE  
(For Department Staff Only)

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HIGHLIGHTS: House received President's veto message on apple price prediction bill. Both Houses agreed to conference report on State, Justice appropriation bill. House passed legislative appropriation bill and reserve forces training bill. Senate committee reported public works appropriation bill.

## HOUSE

1. APPROPRIATIONS. Both Houses agreed to the conference report on H. R. 5502, the State, Justice, and Judiciary appropriation bill (pp. 8313-9, 8332-4). This bill is now ready for the President.  
Passed without amendment H. R. 7117, the legislative appropriation bill (pp. 8406-12).  
Received from the President supplemental appropriation estimates for 1956 to carry out the Mutual Security Act of 1955 (H. Doc. 211); to the Appropriations Committee (p. 8417).
2. RESERVE FORCES. Passed with amendments H. R. 7000, the reserve forces training bill (pp. 8334-8405).
3. APPLE PRICES. Received the President's veto message on H. R. 5188, to prohibit Government publication of predictions of apple prices. The message and bill were referred to the Agriculture Committee (H. Doc. 213) (pp. 8405-6). Rep. Harrison of Virginia and Rep. Quigley criticized the veto message (p. 8406).
4. HIGHWAYS. Rep. Mack criticized "Democratic manipulation" in committee on H. R. 7072, the Federal-aid highway bill (p. 8334).
5. WATER; POWER RESOURCES. Rep. Abernethy commented favorably on public power units in view of the criticism of them contained in the Hoover Commission report (pp. 8413-4).



6. FINANCE. Rep. Patman criticized the operations of the Federal Open Market Committee and the Federal Reserve System (pp. 8415-6).
  7. PERSONNEL. Received a draft of proposed legislation from the Civil Service Commission, to make available on a voluntary basis to Federal employees group hospitalization benefits. Referred to the Post Office and Civil Service Committee (p. 8417).
  8. SMALL BUSINESS. The Select Committee on Small Business submitted a preliminary report on the Small Business Administration (H. Rept. 1045) (p. 8417).
  9. AIR POLLUTION. S. 928, as reported (see Digest 109), authorizes HEW (in co-operation with other Federal, State, local, and private agencies) to prepare and recommend research programs for devising and developing methods for eliminating or reducing air pollution. It also authorizes HEW to encourage co-operative activities by State and local governments for the prevention and abatement of air pollution. The bill authorizes appropriation of \$5,000,000 to HEW for each of the fiscal years beginning July 1, 1955, and ending June 30, 1960. The committee report states: "There are a number of Federal agencies particularly qualified and equipped to conduct research into the problem of air pollution. Among these are the Weather Bureau, the Bureau of Mines, the Bureau of Standards, the National Institutes of Health, the Agricultural Research Service, and the Atomic Energy Commission."
  10. FORESTS; MINING. The Interior and Insular Affairs Committee ordered reported with amendment H. R. 6994, to provide for entry and location, on discovery of a valuable source material, upon public lands of the United States classified as, or known to be, valuable for coal (p. D650).
  11. HOUSING. The Rules Committee voted not to grant a rule on S. 2126, the housing bill of 1955 (p. D650).
  12. ADJOURNED until Tues., July 5th (p. 8413).
- SENATE
13. WATER RESOURCES. The Interior and Insular Affairs Committee reported with amendment H. R. 3990, authorizing the Interior Department to investigate and report to Congress on the water resources in Alaska (S. Rept. 699) (p. 8292).
  14. APPROPRIATIONS. The Appropriations Committee reported with amendments H. R. 6766, the public works appropriation bill for 1956 (S. Rept. 700) (p. 8292). This bill was made the unfinished business (p. 8320).
  15. FOREIGN AID. Conferees were appointed on S. 2090, the mutual security bill (pp. 8326-7).
  16. PUBLIC WORKS. Passed with amendment H. R. 6829, to authorize certain construction at military, naval, and Air Force installations (pp. 8299-8313). The bill increases from \$25 million to \$100 million the authority to provide housing through use of the proceeds from the sale of surplus agricultural commodities by CCC, and provides that the limitation of \$100 million shall apply to the amount of the expenditure of foreign currencies rather than to the value of the houses (p. 8302).



units Nos. 1 to 4, inclusive, during the period prior to operation of unit No. 6, has been reduced effective March 1, 1955, from 6 mills per kilowatt-hour to a charge equivalent to the costs per kilowatt-hour payable by the sponsoring companies for such power. This reduction in rate will result in savings in interim power costs to AEC estimated at \$1,100,000.

Sincerely yours,

K. E. FIELDS,  
General Manager.  
R. W. COOK,  
Deputy.

Mr. ANDERSON. Mr. President, the letter refers to savings of \$5,200,000 in one instance and \$900,000 in another instance. In all, there will be a saving of several millions of dollars, which I think is well worth our notice.

Mr. President, I do not intend to continue further than to say that the two contracts which we have now received are interesting. I intend to study them to try to find out what they provide. I think they indicate that the purchasers have done a pretty good job of protecting themselves. Several matters have not been ironed out.

The Government is in court. The matter is in court. Under those circumstances, all of these contracts can be canceled without cost, and I hope the Attorney General will have that done.

#### TRIBUTE TO SENATOR JOHNSON OF TEXAS

Mr. JOHNSTON of South Carolina. Mr. President, I have read in the newspapers press reports of statements attributed to President Eisenhower in which he has charged Congress with "dawdling," and in which he refers disparagingly to the legislative record of this Congress, thereby reflecting on our majority leadership.

Mr. President, quite frankly, the remarks of President Eisenhower remind me of the complaints of a spoiled child. He has spoken unjustly and without forethought—that is, forethought on his own part. I do not know who prompted his remarks, but they certainly sound like those of the White House advisers who are more interested in a controversial candidate for President than they are in the splendid record of cooperation the Democratic-controlled Congress has given the administration.

The President, instead of listening to political pratings of White House advisers, should thank the high heavens for this Congress, which has done more in constructive legislation this year than his Republican colleagues did for him during his first 2 years in office. Let that thought sink in, I say, Mr. President.

Under the great leadership of our distinguished majority leader, LYNDON B. JOHNSON, in the Senate, and of the most able Speaker, SAM RAYBURN, in the House, we have been able to accomplish the almost impossible, and to do it in record time.

We are planning to adjourn on schedule, with an unsurpassed record of major legislative achievements behind us.

Mr. President, I ask unanimous consent to have printed at this point in the

RECORD a long list of some of the legislative achievements of this Congress—made possible by a considerate and cooperative Democratic majority more interested in good government than in partisan politics.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

The character of a Congress can best be determined by the bills that are passed which affect the daily lives of our citizens. These measures do not always command headlines. But they must all be considered for any realistic appraisal.

Here is a list of the important actions of this Senate:

1. Upper Colorado River Basin project: This measure, which has been the subject of controversy for 4 decades, was approved by the Senate. It is vital to the development of one of the largest undeveloped stretches of land in the world—the western Mountain States.

2. Highway program: The Senate faced squarely up to the problem of modernizing America's highway system with one of the most important bills passed in many years.

3. Mutual security: For the first time, the Senate approved mutual-security authorization without cutting 1 cent from the request. The importance of this action, in view of the present delicate state of world affairs, cannot be underestimated.

4. Minimum wages: The Senate passed a bill raising the minimum wage to \$1 an hour, thus bringing it more nearly in line with present economic realities.

5. Rejection of the McCarthy resolution: The 77-to-4 vote that rejected Senator McCARTHY's resolution to dictate procedures for the Big Four conference was a history-making precedent that the Senate floor will not be an arena for a harassing the President and his Secretary of State on the eve of an important international conference.

6. Formosa resolution: By its quick action on the Formosa resolution, the Senate served notice on the world that the American people were united in their opposition to communism and aggression and that partisanship would not interfere with that unity.

7. Paris pacts: Approval in a few hours of these two treaties—which ordinarily would have been debated for many weeks—strengthened the hand of the free world.

8. Austrian treaty: Speedy approval of this treaty cleared the way for the Big Four conference.

9. Public housing: The Senate passed one of the most forward-looking housing bills since 1949.

10. Farm disaster: The Senate passed a bill holding interest rates on farm loans to 3 percent a year despite the administration's attempt to raise the rate to 5 percent a year.

11. Government reorganization: The Senate passed a 2-year extension of the President's authority to reorganize the Government in the interest of efficiency and economy.

12. Veterans' homes: The Senate extended for one year the Veterans' Administration program for direct loans for buying or building homes.

13. Drought relief: The Senate extended for 2 years emergency loan provisions for farmers and stockmen hit by the great drought which has caused so much havoc in the Southwest and other parts of the country.

14. Protection of commodity exchanges: The Senate passed legislation strengthening the investigating provisions of the Commodities Exchange Act, thus affording greater protection against market manipulations.

15. Pay of Government employees: Congress approved an increase of 7.5 percent for classified Government workers—thus

bringing their salaries more nearly in line with those of private industry.

16. Postal workers: The Congress approved an 8 percent pay raise for postal workers.

17. Small business: The Senate not only extended the Small Business Administration but improved it by increasing the amount of loans and extending the provisions of the act to small businesses in drought areas which have been hard hit by the decline in economic activity.

18. Destitute farmers: The Senate passed legislation providing relief to farmers unemployed or destitute as a result of crop losses from natural causes.

19. Tax legislation: The Senate passed and sent to the President legislation closing a tax loophole which could have cost the Treasury at least \$1 billion and possibly more.

20. Rural electrification: The Senate passed legislation expanding and improving rural electrification by removing barriers against expansion in States with progressive programs.

21. Incentive pay increases: Congress provided incentive pay increases ranging from 6 to 25 percent for members of the Armed Forces.

22. Housing mortgages: The Senate increased by \$1.5 billion the authority of the Federal Housing Administration to insure mortgages.

23. Water pollution: The Senate passed legislation strengthening the Water Pollution Control Act and providing additional authority for research into this basic problem.

24. Water conversion: The Senate approved legislation extending and strengthening laws covering research into the vital problem of converting sea water to meet the growing pressure of industry and agriculture upon our water resources.

25. Latin America: The Senate authorized funds to complete the Inter-American Highway, a vital link in our communications with our southern neighbors.

26. GI educational benefits: The Senate passed legislation extending the time during which persons who were in the Armed Forces prior to January 31, 1955, could accumulate educational benefits under the GI bill.

27. Selective service: The Senate extended for 4 additional years selective service and the authority to provide assistance to dependents of servicemen.

28. Health: The Senate increased most of the funds provided for medical research over the appropriations requested by the administration.

29. Military manpower: The Senate approved appropriations to hold the Marine Corps at its present level and rejected the administration's request for a cut in manpower.

30. Antitrust: The Senate passed legislation increasing the penalties for violation of the Sherman Anti-Trust Act—the first increase in the penalties in 64 years.

31. Antitrust: The Senate passed legislation authorizing the United States to sue for damages resulting from antitrust violations.

32. Security program: The Senate passed legislation establishing a nonpartisan commission to investigate the whole security program from the standpoint of effectiveness and maintenance of individual rights.

33. Extension of free enterprises in undeveloped areas: The Senate approved legislation providing for American participation in the International Finance Corporation, intended to increase the flow of private capital into undeveloped areas.

34. Excessive defense profits: The Senate approved legislation extending for 2 years the Renegotiation Act under which excessive profits in defense contracts can be recaptured.



35. Import duties: The Senate extended for 1 year the suspension of import duties on metal scrap.

36. Low-income farmers: The Senate approved legislation increasing extension service appropriations for low-income farm families.

37. Use of surplus property for educational and public-health purposes: The Senate approved legislation removing legal barriers to the use of surplus Federal property for educational and public-health purposes.

38. Housing: The Senate approved legislation which would permit lenders to sell housing mortgages to FNMA (the so-called Fannie Mae program) even though they had failed to comply with some highly technical provisions which caused abnormal delays in the housing program. As a result, a bottleneck in the housing program would be broken.

39. Desert-land homesteading: The Senate passed legislation improving the prospects for homesteading on desert land which is subject to reclamation.

40. Air service to small communities: The Senate approved legislation which would remove legal barriers impeding or preventing airline service to small communities.

41. Disabled veterans: The Senate approved legislation easing the requirements for Federal aid to disabled veterans purchasing automobiles—disabled veterans who have been prevented from taking advantage of previous law because of technical requirements.

42. Foreign service: The Senate approved legislation correcting inequities in retirement benefits for foreign-service employees and thus proving to those in that service that Congress keeps faith with the public servants performing this important function.

43. Relief for those still missing in Korea: The Senate extended for 1 year legislation authorizing a continuance of pay of American service personnel who have been captured or who are missing in action in Korea.

44. Alaska: The Senate approved legislation which would authorize Alaska to obtain advances from the Treasury Unemployment Trust Fund and thus ward off suffering and economic disaster in the Territory.

#### DISTRICT OF COLUMBIA LEGISLATION

45. Teachers' salaries: The Senate approved legislation increasing teachers' salaries and the salaries of educational employees of the Board of Education and improving the conditions under which they are set.

46. Family court system: The Senate approved legislation establishing a family court system for the District of Columbia.

47. Civic auditorium: The Senate approved legislation authorizing a Federal commission to form plans for constructing a civic auditorium.

48. Antivandalism: The Senate approved legislation authorizing employees of the District of Columbia to protect life and property on property owned by the District outside of the District limits.

49. Judicial salaries: The Senate approved legislation authorizing an increase in the salaries of District of Columbia judges in order to bring them into line with present-day realities.

Mr. JOHNSTON of South Carolina. Mr. President, no cold-war Congress has this been—as the President predicted last year when he was campaigning for his Republican supporters—and I use the term "supporters" loosely with considerable justification. The President, instead of being grateful for what his Congress has done, has taken it upon himself to chastise our splendid work and to criticize our leadership and to imply that because we did not do every-

thing he wanted, we are now "dawdling."

Mr. President, I cannot sing enough praise of our great majority leader, our distinguished colleague, the senior Senator from Texas. Quietly and without show or pretense, he has gone about the legislative chores of his office with leadership, great ability, diligence, and deep insight into the needs of the country. He has placated dissension and smoothed what otherwise might have become troublesome questions, and he has done so in such a manner as not only to keep the Democrats unified, but also to win the respect and admiration of many Senators on the opposite side of the aisle.

During the years I have been a Member of this body, the Senate has had several able leaders. With no thought of disparaging the others, I point out that we are in considerable accord that our present majority leader ranks among the greatest of those who have held the high honor of that office. He is by nature a kind and considerate man. By experience he is trained and efficient in taking his proper part in the functioning of our distinctive form of government.

I wish to read into the RECORD at this point excerpts from an editorial which appeared in the Washington Post on Thursday, June 30. It says, among other things:

It was a queer combination of shortsightedness and irritation that led President Eisenhower yesterday to make such an unwarranted slur on the cooperation of the Democratic majority leader, Senator LYNDON JOHNSON. \* \* \*

There has been precious little evidence of a political cold war, and Mr. Eisenhower's annoyance ought not to blind him to the substantial record of Senate legislative accomplishment made possible with Mr. JOHNSON's help. Let no one forget the Formosa defense resolution on which the Democrats rushed in to support the President, without reading the fine print. \* \* \*

On several occasions in the past this newspaper has been critical of Senator JOHNSON's leadership. We are happy to say that in this session of Congress he has exhibited a remarkable amount of finesse, understanding, and restraint in getting through important legislation quietly and with a minimum of controversy. Despite Mr. Eisenhower's tart comment, it is only fair to acknowledge that on many occasions Mr. JOHNSON has served the national interest more effectively than has the leadership of the President's own party.

Mr. President, there is no doubt in my mind that criticism of the leadership of the distinguished senior Senator from Texas is politically inspired and unfounded.

Senator LYNDON JOHNSON will be recorded in history as one of the great leaders of our Congress; and I wish to extend to him, for myself and my colleagues, heartfelt thanks for a job well done.

Mr. President, I ask unanimous consent to have the entire editorial from the Washington Post and Times Herald of June 30, 1955, printed at this point in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

#### MAJORITY LEADER

It was a queer combination of shortsightedness and irritation that led President Eisenhower yesterday to make such an unwarranted slur on the cooperation of the Democratic Majority Leader Senator LYNDON JOHNSON. Understandably the Chief Executive is impatient about some of the pending legislation he wants passed, particularly the military reserve bill. Understandably, too, he may have been nettled by Senator JOHNSON's reference to the Eisenhower prediction last fall of a political cold war if the country did not return a Republican Congress. All political leaders are guilty of such silly extravagances at one time or another, and the best thing to do is to swallow them gracefully.

In any event, there has been precious little evidence of a political cold war, and Mr. Eisenhower's annoyance ought not to blind him to the substantial record of Senate legislative accomplishment made possible with Mr. JOHNSON's help. Let no one forget the Formosa defense resolution on which the Democrats rushed in to support the President without reading the fine print; the full foreign aid authorization; the various treaties; the housing bill; the reciprocal trade bill; the confirmation of John von Neumann as an Atomic Energy Commissioner; the squelching of Senator MCCARTHY in a demonstration of solidarity behind the President for the big 4 negotiations. If not all of these items have emerged in precisely the form the President wanted, and if much remains to be done, the record still reflects an unusual degree of cooperation by the opposition party on major legislation.

On several occasions in the past this newspaper has been critical of Senator JOHNSON's leadership. We are happy to say that in this session of Congress he has exhibited a remarkable amount of finesse, understanding and restraint in getting through important legislation quietly and with a minimum of controversy. Despite Mr. Eisenhower's tart comment, it is only fair to acknowledge that on many occasions Mr. JOHNSON has served the national interest more effectively than the leadership of the President's own party.

#### AMENDMENT OF MUTUAL SECURITY ACT OF 1954

The PRESIDING OFFICER (Mr. BIBLE in the chair) laid before the Senate the amendments of the House of Representatives to the bill (S. 2090) to amend the Mutual Security Act of 1954, and for other purposes, which were, on page 2, line 2, strike out "\$1,278,000,000" and insert "\$1,133,000,000"; on page 2, after line 3, insert:

(b) In section 103 (b), after the word "chapter", insert "and of section 124."

On page 2, line 4, strike out "(b)" and insert "(c)"; on page 2, line 12, strike out "(c)" and insert "(d)"; on page 2, line 24, strike out "(d)" and insert "(e)"; on page 3, line 3, strike out "(e)" and insert "(f)"; on page 3, line 7, strike out "(f)" and insert "(g)"; on page 3, lines 11 and 12, strike out "by adding, after section 123, the following new section:" and insert "as follows:

"(a) In section 121, which relates to southeast Asia and the western Pacific, strike out the fourth word of the third sentence, 'section', and insert 'title.'

"(b) Add after section 123 the following new section: "

On page 4, line 6, strike out "\$70 million" and insert "\$92 million"; on page 4, line 7, after "(Turkey)", insert "not



less than \$50 million of the funds made available under the authority of this subsection shall be used for assistance to Spain in accordance with the provisions of this section;"; on page 4, line 9, after "Africa", insert "Provided, That the amount made available for Greece for fiscal year 1956 shall not be less than that made available for such country for fiscal year 1955;"; on page 5, line 7, after "follows:" insert "After 'SEC. 142. Agreements.—' insert '(a)';"; on page 5, line 7, after "follows:" insert "in paragraph 10 strike out the comma and the word 'or' where they appear after the phrase 'any such assistance', and insert in lieu thereof 'and';"; on page 5, line 8, strike out "subsection" and insert "paragraph"; on page 5, line 9, after "period;" insert "and"; on page 5, line 10, strike out "subsection" and insert "paragraph"; on page 5, line 10, strike out "paragraph" and insert "subparagraph"; on page 5, line 12, strike out "'(11)'" and insert "(b)"; on page 6, line 1, strike out all after "area;" down to and including "sentence." in line 3, and insert "Such assistance may be furnished on such terms and conditions as the President may specify and shall emphasize loans rather than grants wherever possible."; on page 7, strike out line 25 over through line 3 on page 8, and insert:

(b) In section 402, which relates to the sale of surplus agricultural commodities, strike out "\$350 million" and insert in lieu thereof "\$600 million."

On page 8, strike out lines 16 through 20; on page 8, strike out "(3)" and insert "(2)"; on page 9, line 1, strike out "(4)" and insert "(3)"; on page 9, strike out line 21 over through line 2 on page 10; on page 10, line 21, strike out "(i)" and insert "(h)"; on page 10, line 23, strike out "1,300,000" and insert "\$1,330,000"; on page 11, line 1, strike out "(j)" and insert "(i)"; on page 11, line 10, strike out "1" where it appears the second time, and insert "I"; on page 12, line 1, strike out "(k)" and insert "(j)"; on page 12, line 1, strike out "section" and insert "sections"; on page 13, line 6, after "any" insert "friendly"; on page 13, line 7, after "of" insert "friendly"; on page 13, line 8, after "That" insert "such assistance shall emphasize loans rather than grants wherever possible, and"; on page 13, line 18, strike out "area." and insert "area."; on page 13, after line 18, insert:

SEC. 419. World Health Organization: Section 3 (a) of Public Law 643, 80th Congress, approved June 14, 1948, as amended, is hereby amended to read as follows:

"(a) such sums as may be necessary for the payment by the United States of its share of the expenses of the Organization as apportioned by the Health Assembly in accordance with article 56 of the constitution of the Organization, except that payments by the United States for any fiscal year of the Organization after 1958 shall not exceed 33½ percent of the total assessments of active members of the Organization for such fiscal year; and."

SEC. 420. Joint Commission on Rural Development:

(a) The Secretary of State, after consultation with the Director, is hereby authorized to conclude an agreement with the Republic of the Philippines establishing a Joint Commission on Rural Development in the Philip-

pires, to be composed of two citizens of the United States appointed by the President of the United States and three citizens of the Philippines appointed by the President of the Republic of the Philippines. Such Commission shall, subject to the general direction and control of the Director, formulate and carry out a program for development of the rural areas of the Philippines, which shall include such research and training activities as may be necessary or appropriate for such development: *Provided*, That assistance furnished under this section shall not be construed as an express or implied assumption by the United States of any responsibility for making any further contributions to carry out the purposes of this section.

"(b) Insofar as practicable, an amount equal to not more than 10 percent of the funds programed in any fiscal year for the Republic of the Philippines under title I, chapter 3, and title III of this Act shall be used to carry out the purposes of subsection (a) of this section.

On page 13, strike out lines 22 through 25; on page 14, line 1, strike out "(b)" and insert "(a)"; on page 14, line 8, strike out "(c)" and insert "(b)"; on page 14, line 10, strike out "(d)" and insert "(c)"; on page 14, after line 11, insert:

(2) Amend section 505 (a) by inserting before the period at the end thereof the following: "and shall emphasize loans rather than grants wherever possible."

On page 14, line 12, strike out "(2)" and insert "(3)"; on page 14, strike out lines 21 through 22, and insert:

(d) In section 509, which relates to shipping on United States vessels, add the following sentence at the end thereof:.

On page 17, line 10, after "549" insert "(a)"; on page 18, line 1, after "States" insert "to a greater extent"; on page 18, line 3, strike out "act." and insert "act."; on page 18, after line 3, insert:

(b) It is the sense of the Congress that assistance under this act shall be administered so as to assist other peoples in their efforts to achieve self-government or independence under circumstances which will enable them to assume an equal station among the free nations of the world.

And on page 18, after line 3, insert:

SEC. 12. It is hereby declared to be the continuing sense of the Congress that the Communist regime in China has not demonstrated its willingness to fulfill the obligations contained in the Charter of the United Nations and should not be recognized to represent China in the United Nations.

Mr. JOHNSON of Texas. Mr. President, I move that the Senate disagree to the amendments of the House, agree to the conference requested by the House, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. GEORGE, Mr. GREEN, Mr. FULBRIGHT, Mr. WILEY, and Mr. SMITH of New Jersey conferees on the part of the Senate.

#### ORDER FOR ADJOURNMENT TO TUESDAY

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that when the Senate concludes its business today it stand in adjournment until 12 o'clock noon on Tuesday next.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### AUTHORITY FOR SECRETARY OF THE SENATE TO RECEIVE MES- SAGES FROM THE HOUSE

On request of Mr. JOHNSON of Texas, and by unanimous consent, the Secretary of the Senate was authorized to receive messages from the House during the adjournment of the Senate.

#### AUTHORITY FOR THE VICE PRESI- DENT OR ACTING PRESIDENT PRO TEMPORE TO SIGN ENROLLED BILLS OR JOINT RESOLUTIONS

On request of Mr. JOHNSON of Texas, and by unanimous consent, the Vice President or the Acting President pro tempore [Mr. BARKLEY] was authorized, notwithstanding the adjournment of the Senate, to sign duly enrolled bills or joint resolutions passed by the two Houses.

#### PROPOSED REPEAL OF CHARTER AND FRANCHISE OF CAPITAL TRANSIT CO.

Mr. MORSE. Mr. President, I introduce, on behalf of myself, Mr. NEELY, Mr. McNAMARA, Mr. CASE of New Jersey, Mr. PAYNE, and Mr. BEALL, a joint resolution reading as follows:

The joint resolution entitled "Joint resolution to authorize the merger of street-railway corporations operating in the District of Columbia, and for other purposes," approved January 14, 1933, as amended (47 Stat. 752), is amended by adding at the end thereof the following section:

"SEC. 14. The charter and all rights of franchise of the Capital Transit Co. created by this resolution are hereby repealed in accordance with the terms of section 13 hereof."

Mr. President, what this joint resolution means is that the Congress of the United States is asked to lift the franchise of the Capital Transit Co. and deny it, under the terms of section 13 of the 1933 law, the privilege and the right to operate a transit company on the streets of Washington, D. C., following the termination date provided for in the joint resolution, which is 1 year from the date the franchise is lifted.

The sponsors of this joint resolution have given very careful consideration to the seriousness of all its implications. It will be noted that the Senator from Maine [Mr. PAYNE] and the Senator from Maryland [Mr. BEALL] were members of the subcommittee of the District of Columbia Committee which last year, over a period of several weeks, conducted hearings on the Capital Transit problems in the District of Columbia. It was my honor and privilege to serve with them on that subcommittee.

Yesterday in the debate, reference was made to the report which we filed. The report, as Members of the Senate know, received very favorable comment not only from our colleagues in the Senate, but from District of Columbia officials as well.



On the basis of our hearings last year and our fears last year—about which we forewarned the Senate—that if the Capital Transit Co. did not mend its ways, there would occur just such a crisis as that with which we are faced today, we, as sponsors of this joint resolution, have come to the conclusion that the Capital Transit Co. has so completely failed in its responsibilities to the public and the District of Columbia, in failing to give the District of Columbia the quality of service to which the people are entitled under the franchise, that there is only one thing we can do to protect the public interest, and that is to bring to an end the franchise of the Capital Transit Co. in this District.

Prior to introducing this joint resolution, those of us who are lawyers have consulted with experts in the municipal law field. We are aware that this joint resolution has some legal implications, and involves some problems, but they are not serious, and they are not intricate. Precedents are many, in which municipalities, finding that a company has failed to give the service to which the municipality is entitled, have canceled franchises. What I wish to make very clear is that the Capital Transit strike actually is a strike by management, because management has been so adamant in failing to cooperate with the District of Columbia, with the Commissioners of the District of Columbia, and with the Mediation Service, in reaching an agreement for peaceful procedures for the settlement of this dispute, that it is difficult for us to reach any other conclusion than that the Capital Transit Co. has no real intention to cooperate with the authorities, but rather has stiff-neckedly decided that it is going to try to bull its way through, and throw the entire system into such chaos that it thinks the Congress will either have to give it a fat, juicy plum by way of a Government subsidy to operate the company, or take the company over through some form of public ownership.

As I stated yesterday, the sponsors of this joint resolution are completely opposed to public ownership. Lifting a franchise does not lead to public ownership. On the contrary, lifting a franchise leads to providing an opportunity to another private concern, or other private concerns, to enter into an arrangement with the District Commissioners for taking a new franchise under a license granted to them, and operating a transit system in the District which will give the people of the District the service to which they are entitled.

Today the Federal Government in Washington, D. C., has been slowed down as a result of this strike. The situation is one which cannot be tolerated, merely because a franchise exists in favor of a company which has followed the course of action this company has followed.

Our situation today, as we tried to forewarn the Congress last year in our transit-hearings report, comes about because the syndicate headed by Louis E. Wolfson was permitted to purchase a public utility and to exploit it to the hilt. Despite continued pleas of poverty, the firm has continued to pay out dividends higher than the old management ever

paid, and during a time when its volume of business has been declining.

The company showed a net income of more than \$900,000 for the 12 months ending March 31, 1955, yet it tells its employees and the community at large that it cannot offer the workers anything—not one thin dime.

However, the sponsors of the joint resolution do not want to prejudge this organization. We realize that the franchise is an important property right. We wish to grant to the company all possible opportunity to prove that it is entitled to continue to enjoy the monopoly and rate protections granted to it under the franchise.

We are therefore inviting Louis E. Wolfson to testify at a subcommittee hearing next Thursday morning at 10 o'clock a. m. If he does not respond to our invitation voluntarily, it is only fair for us to announce that we shall issue a subpoena for a meeting on a subsequent date.

Mr. Wolfson has been gaining national publicity as an expanding business leader. He should welcome the opportunity to show what he considers to be his responsibilities in operating a public utility in the Nation's capital, a place where the only large industry is the conduct of the Government's business itself.

In no small measure the Government business depends for its effective administration upon the public transit system operated by Mr. Wolfson.

I wish to explain to the Senate the significance of the removal of this franchise. It was granted by Congress to give a public utility an opportunity to operate on public streets without competition and with the assurance that rates would be set so as to provide a fair rate of return.

The Wolfson syndicate, with its 243 percent return on its investment—we are dealing here, I repeat, with a company which has received 243 percent return on its investment—can have little complaint about its rate of return. The Wolfson syndicate has been dealt with fairly not only by the District Government, but by the community at large. The Wolfson syndicate has had an opportunity which few transit companies in the United States have ever had. It has had the opportunity to get a fair return; and, along with the opportunity should go the responsibility of giving the people of the District fair service.

In the revocation of the franchise the company assumes the clear obligation to remove all its streetcar tracks and turn-arounds, and to repave the streets in their former condition. This, I am informed, would involve an expenditure on the part of the company of about \$5 million.

I wish to make it very clear that the lifting of this franchise would not leave the company without any obligations, because when they assumed their obligations under the franchise they assumed the duty, and became liable for the expense, of removing their tracks and turn-arounds if and when the franchise was brought to an end by way of legal action. As I have said, I am told that that would involve a cost of about \$5 million.

How Mr. Wolfson's shareholders will feel about holding his stock is something for him to ask himself. It is late, but not too late, for him to show that he understands the American tradition that those who devote themselves to public service must put public service above private profit.

From studies of the manipulations of the Capital Transit Co., and from the testimony of Mr. Wolfson on the stand more than a year ago, when our committee was holding its investigation of the transit system, it must be apparent that Mr. Wolfson never has appreciated the fact that public service comes first in the operation of a public utility and that private profit comes second. Any one who assumes the benefits granted to a public utility under a franchise, must automatically consider himself pledged to place public service first. He accepts the obligations of the franchise, because he is satisfied that he can place the public interest first and still find it to be a good business proposition in view of the protection he has under the franchise against competition, and in view of the fact that under the franchise he is automatically guaranteed, for example, consideration from a public utility commission, which under the law must fix rates which will give to the public utility a fair return.

However, Mr. President, we can no longer tolerate the financial abuses of the Capital Transit Co.; we can no longer continue to tolerate the fiscal policies of the company, and we can no longer tolerate the exceedingly bad service which the company is supplying the streetcar and bus riders of the District of Columbia.

Again I take Senators back to the hearings of last year. I ask them to read the testimony of the witnesses and to note the opposition the company invariably puts up when community and citizens' associations file their petitions to have service extended to a new area, in which new housing has gone up and to which sizable populations have moved.

The record shows that the company does not give the people living in such new areas bus service until, finally, so much pressure is put on, and the District officials make repeated representations that usually months later there is provided the bus service which ought to have been provided from the beginning after the population had moved in.

I have had a good many telephone calls today with regard to the legal effects of the joint resolution. Some people seem to be laboring under the misapprehension that the joint resolution is a step toward public ownership. Not at all.

Every sponsor of the joint resolution is opposed to public ownership. The present speaker will take the lead, if necessary, in opposition to any proposal for public ownership. We do not need public ownership in the District of Columbia to provide the riders in the District the good service to which they are entitled.

It is true, as was pointed out to me by several people this morning, that the whole trend during the past 10 years in connection with transit systems in







# Digest of CONGRESSIONAL PROCEEDINGS

## OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE  
(For Department Staff Only)

Issued July 6, 1955  
For actions of July 5, 1955  
84th-1st, No. 113

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HIGHLIGHTS: House passed air pollution bill. Senate passed public works appropriation bill. Sen. Humphrey discussed Ladejinsky case.

### SENATE

1. FORESTS; MINING. Conferees were appointed on H. R. 5891, to provide for the multiple use of the surface of public lands (p. 8440). House conferees were appointed June 29.
2. BUILDINGS. The Public Works Committee reported with amendments S. 1210, to amend the Public Buildings Act of 1949 so as to eliminate the 1-year limitation on the period of leases of space for Federal agencies in D. C. (S. Rept. 702) (p. 8427).
3. PERSONNEL. Received a proposed bill from the Civil Service Commission to make available on a voluntary basis to Federal employees group hospitalization benefits; to Post Office and Civil Service Committee (p. 8427).  
Sen. Humphrey commended the reappraisal of the Ladejinsky case by this Department and inserted several newspaper articles on the subject (pp. 8438-40).
4. RIVER COMPACT. The Interior and Insular Affairs Committee reported with amendment S. 787, to authorize certain Missouri Basin States to enter into a compact for the attainment of the conservation and development of the water resources of the Missouri Basin (S. Rept. 701) (p. 8427).



5. FOREIGN AID. Sen. George was excused from further service as a conferee on S. 2090, the mutual security bill, and Sen. Sparkman was appointed in his place (p. 8433).
6. INFORMATION. Received a proposed bill from the U. S. Information Agency to promote the foreign policy of the U. S. by amending the U. S. Information and Educational Exchange Act of 1948; to Foreign Relations Committee (p. 8426).
7. ANTITRUST LAWS. Received a proposed bill from the Attorney General to compel the production of documentary evidence required in civil investigations for the enforcement of the antitrust laws; to the Judiciary Committee (p. 8427).
8. ELECTRIFICATION; RECLAMATION. Sen. Neuberger criticized proposed relinquishment of the Hells Canyon Dam to the Idaho Power Co. (p. 8436).
9. APPROPRIATIONS. Passed with amendments H. R. 6766, the public works appropriation bill for 1956, which includes appropriations for the Atomic Energy Commission, TVA, Bureau of Reclamation, Army Corps of Engineers, and the power-marketing agencies of the Interior Department (pp. 8440-67). Conferees were appointed (p. 8467). The committee report includes the following statement regarding water projects:

"The last few years the committee has been impressed with the increasing problem of water supply for domestic and industrial uses. Practically every part of the country is experiencing a twofold problem; first, an increased demand due to growth of population coupled with a greater per capita use of water; second, a dwindling water supply. The committee feels that increasingly greater attention must be given to the planning and construction of reservoir projects with water conservation storage as a practical means of meeting this growing problem. This appears to be a field where coordination with local authorities is most essential. It is recognized that additional legislation may be required to permit equitable financial arrangements for local participation in the projects that are being planned. The Chief of Engineers should review the present authorities available to him for the storage of water in Federal reservoirs to provide a water supply for municipalities, with a view to determining whether any modification of the existing legislation is necessary to facilitate the development of water supply potentialities in Federally constructed reservoirs.

"The committee believes that consideration should be given to administratively establishing a realistic floor for water resource development, which will permit adequate progress on all phases of this important program."

10. LEGISLATIVE PROGRAM. Sen. Clements announced that today it is planned to have the following bills considered: S. 2391, amendments to the Defense Production Act; and H. R. 3990, to authorize the Interior Department to investigate and report to Congress on water resources in Alaska (pp. 8467-8).

#### HOUSE

11. RESEARCH. The House Administration Committee reported with amendment H. Res. 156, and the House agreed to it as reported, to provide funds for studies conducted by the Agriculture Committee (pp. 8469, 8527).

The House Administration Committee reported a privileged resolution and the House agreed to it as reported, to provide that additional copies of "Radiation Sterilization of Foods" be printed (pp. 8469, 8527).



promoted, and retained on the basis of merit. They will be subject to assignment and service anywhere in the world, including posts of extreme hardship, at any time. Generally speaking, they will have to work up from bottom to top. They face the possibility of separation in midcareer for unsatisfactory performance or failure to live up to the standards of a highly competent group of men. Because service and employment requirements will be almost identical, it seems clear that officers should receive the same retirement benefits available to Foreign Service officers. Sections 633 and 634 of the Foreign Service Act provide benefits to Foreign Service officers selected out by the Department of State, and section 637 provides benefits to Foreign Service officers separated for unsatisfactory performance of duty. The section authorizes the same benefits to United States Information officers who are separated for similar reasons.

#### AMENDMENT OF TRADING WITH THE ENEMY ACT, RELATING TO THE RETURN OF CERTAIN PROPERTY—AMENDMENTS

Mr. BIBLE submitted amendments, intended to be proposed by him to the bill (S. 854) to amend section 32 of the Trading With the Enemy Act of 1917, as amended, so as to permit the return under such section of property which an alien acquired, by gift, devise, bequest, or inheritance, from an American citizen, which were referred to the Committee on the Judiciary, and ordered to be printed.

#### FIVE-YEAR PROGRAM OF GRANTS FOR CONSTRUCTION OF MEDICAL, EDUCATIONAL, AND RESEARCH FACILITIES—AMENDMENTS

Mr. HUMPHREY. Mr. President, I submit amendments, intended to be proposed by me, to the bill (S. 1323) to authorize a 5-year program of grants for construction of medical, educational, and research facilities, which was introduced by the Senator from Alabama [Mr. HILL], on behalf of himself and 12 other Senators, and which I had the honor to cosponsor. These amendments would provide Federal grants for the construction and expansion of dental-school facilities.

I am convinced that it is in the public interest to extend the bill so as to make dental schools eligible for such grants.

I ask unanimous consent to have printed at this point in the RECORD a letter, dated May 23, addressed to me by Dr. Henry E. Colby, president of the Minnesota State Dental Association, supporting the amendment and urging a Federal grant program for dental schools.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

MINNESOTA STATE DENTAL ASSOCIATION,  
St. Paul, Minn., May 23, 1955.

Hon. HUBERT H. HUMPHREY,  
United States Senate,

Washington, D. C.

DEAR SENATOR HUMPHREY: On behalf of the Minnesota State Dental Association I solicit your support of Federal grants for the construction and expansion of dental-school facilities. Senate bill 1323 does not now make dental schools eligible for such grants and we believe it would be in the public in-

terest that they be included in the provisions of this bill. We emphasize the following reasons for asking your support:

1. The funds presently available to maintain and expand dental-school facilities are not nearly adequate to meet even short-term requirements.

2. To encourage increase in dental-school enrollment during the next 5 years so that the number of graduating dentists will keep pace with dental-health needs, requires that at least \$100 million be invested in our dental schools for new construction and expansion.

3. A 5-year Federal-grant program involving \$50 million as recommended by the American Dental Association will stimulate States and private revenue sources to supply the necessary matching funds to meet financial requirements of the dental schools over the 5-year term.

4. Of the approximately 7,000 qualified persons applying for admittance to dental schools this year, only some 3,300 could be accepted on present capacities.

5. The needed increase of dental services can be met by increasing the number of dental graduates and dental-hygiene graduates. This can only be accomplished by obtaining the financial aid requested for new dental schools and expansion of present facilities.

We will appreciate your consideration and support.

Sincerely yours,

HENRY E. COLBY, D. D. S.,  
President.

Mr. HUMPHREY. I commend to the attention of the Senate the arguments used by Dr. Colby. Dental schools are today operating under serious financial shortages. In order for the dental schools to produce for the American society enough graduate dentists to keep pace with dental health needs of this Nation, it is estimated that the dental schools will require \$100 million for new construction and expansion. Funds presently available are hardly adequate to meet even short-term requirements.

The American Dental Association has proposed a 5-year Federal program involving \$50 million. I agree fully with the premise of that proposal that such a program would stimulate States and private revenue sources so as to supply the necessary matching funds to meet our Nation's dental needs. It is most unfortunate that of the approximately 7,000 applying for admittance to dental schools this year only some 3,300 could be accepted in the light of the present capacities in the schools.

We need more dentists and more dental hygienists graduates. My amendments are designed to accomplish that purpose.

I present the amendments, and ask that they be appropriately referred and printed.

There being no objection, the amendments were received, referred to the Committee on Labor and Public Welfare, and ordered to be printed.

#### AMENDMENT OF MUTUAL SECURITY ACT—CHANGE OF CONFEREES

Mr. CLEMENTS. Mr. President, I ask unanimous consent that the Senator from Georgia [Mr. GEORGE] be excused as a conferee on the part of the Senate on the bill (S. 2090) to amend the Mutual Security Act of 1954, and that the Sena-

tor from Alabama [Mr. SPARKMAN] be appointed in his stead.

The VICE PRESIDENT. Without objection, it is so ordered.

#### ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE APPENDIX

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the Appendix, as follows:

By Mr. HILL:

Address delivered by Senator SPARKMAN before the Institute for International Order in celebration of the 10th anniversary of the United Nations, on June 24, 1955.

By Mr. NEUBERGER:

Address delivered by Dr. Hugh H. Bennett before the National Association of Soil Conservation Districts, at San Diego, Calif., on February 2, 1955.

By Mr. MARTIN of Pennsylvania:

Three editorials concerning the career of Herbert Hoover, published, respectively, in the Philadelphia Inquirer, the Pittsburgh Post-Gazette, and the Washington (Pa.) Observer.

By Mr. LANGER:

Article entitled "Alcohol Researches at Yale," written by Thomas R. Henry, and published in the Washington Evening Star of July 4, 1955; and a letter addressed to Senator LANGER by Ole Stalheim, of Vermillion, S. Dak.

Letter addressed to him by John D. Hart, executive director, North Dakota Indian Affairs Commission; and editorial entitled "Must Indian Injustices Go to the President," published in the Christian Century of June 1, 1955.

By Mr. LEHMAN:

Article entitled "After Polio, War, or Mental Disease?" published in Life International of June 27, 1955.

By Mr. BUTLER:

Article entitled "Reds Back at Their Old Game," published in U. S. News & World Report for July 1, 1955, relating to communistic activities; and article entitled "It's Slowly Working Out of Its Doldrums," published in the June 11, 1955, issue of Business Week, relating to shipbuilding in the United States.

#### FOURTH OF JULY ADDRESS BY SENATOR KNOWLAND AT HUNTINGTON, W. VA.

Mr. KNOWLAND. Mr. President, I ask unanimous consent to have printed in the body of the RECORD an address which I delivered last night at Huntington, W. Va., at a Fourth of July celebration.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Mr. Chairman, Mr. Mayor, distinguished guests, and fellow Americans, on July 4, 1776, our forebears, with great personal risk, declared the Thirteen Colonies to be free and independent States, and proclaimed:

"We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable rights, that among these are life, liberty, and the pursuit of happiness."

Just before the signatures were attached, the charter of our liberty states "and for the support of this declaration, with a firm reliance on the protection of divine providence, we mutually pledge to each other our lives, our fortunes, and our sacred honor."



What a sharp contrast to the doctrine of hate and oppression of Marxian communism, the most godless tyranny the world has ever known.

America still represents the authentic revolution where government is and should remain the servant and not the master of the people.

Marxian communism of the far left and fascism of the far right are both totalitarian in character and the negation of everything for which our Declaration of Independence and Constitution stand.

At a later period in our history Abraham Lincoln stated that this Nation could not remain half slave and half free.

In the day and age in which we live there is doubt that the world can continue half slave and half free.

Our objective in foreign policy is peace with honor. This is far different from a policy of peace at any price.

We would hope for all mankind that in our lifetime or that of our children the nations of the Western Hemisphere, of Europe, Africa, and Asia might live together as good neighbors as we do with our great neighbor of Canada to the north.

For a long period of our history we have had a common international frontier stretching 3,000 miles from the Atlantic to the Pacific without a single military post or fortification on either side for the purpose of protecting one of our countries from invasion by the other.

However, in the world in which we now live we must recognize the fact that all nations are not as civilized or as peace loving as are Canada and the United States of America.

Like the early pioneers who first established our country and then moved out to the West we should, of course, continue to work, hope, and pray for peace with honor, but we should also keep our powder dry.

In the last 10 years great advances have been made by the Communist world.

In 1945 there were less than 200 million people behind the Communist Iron Curtain. Today, over 800 million people have lost their freedom. Millions have been liquidated or work in slave-labor camps.

The world balance of power has been so upset that no prudent person can ignore the realities of the situation. Not only the future of this republic but the hope for a free world of free men largely depends upon the policies that we follow and the firmness with which we and the free nations deal with future Communist aggression or threat of aggression.

I do not believe the men in the Kremlin have changed their long-term strategy of ultimately having a Communist world. They continue to follow the doctrine that, in order to achieve their ends, anything is allowable, including deception and assassination.

We must face up to the fact that to date the Communist concept of peaceful coexistence means that the United States or other free nations of the World will be allowed to exist only until communism is able to subvert them from within or destroy them by aggression from without.

It is the type of peaceful coexistence that the turkey has, well fed and housed, until the axe falls before the holiday season.

It remains my belief that the Soviet Union is advancing the trojan horse of coexistence only for the purpose of gaining sufficient time to accomplish what we may term "atomic stalemate." When would they hope to accomplish this objective? The target date is probably between 1957 and 1960.

In the meantime, they will strive to neutralize potential allies and if possible to divide, destroy, or paralyze the Western alliance.

If we are to survive as part of a free world of free men this they must not be allowed to do.

Some believe that when that point arrives the world will have gained a stalemated peace because neither side will then dare to use or threaten to use its atomic or conventional power against the other. At that point so the reasoning runs, the two great world powers, the United States and the Soviet Union, will checkmate and immobilize each other and a sort of troubled peace will settle down over the balance of the world.

Let us examine the possibility then of even a troubled peace. It is more likely that at that point, if the free world should allow itself to become paralyzed and immobilized, that the men in the Kremlin will see their best opportunity to start with what for the want of a better term I will call operation nibbling, wherein they will seek to take over the peripheral nations bite by bite.

Then, through the capitals of what remain of our anxious allies and with loud voices from the neutralists, as well as from sources in our own country, will rise the anguished cry, "Should we risk all-out atomic war for Iran, Sweden, Afghanistan, Yugoslavia, India, Finland, Burma, and so forth?" "For after all," the argument will run, "we have no treaty obligations to them." Then the Soviet Union and Communist China will start down through our smaller allies first to soften us up. These will not all be nibbled at once, but will be spaced out so that as each country passes behind the Iron Curtain, it will increase the despair of the other victims and the paralysis of the nations which might be willing to resist.

Since stalemate would put the Soviet Union itself off limits, the intended victim of the aggression could only look forward to a localized war within their own frontiers with the destruction of life and property that would entail. Since there would be no hope of restraining this new type of Soviet aggression by placing the body of the octopus in danger, these nations individually, one by one, might prefer to accept Communist terms rather than even call on the West for aid.

Before our eyes, the people of the United States would see nation after nation nibbled away and when the realization finally dawned that this policy would inevitably result in our country becoming a continental Dien Bien Phu in a Communist totalitarian world, the chances of our winning such a struggle would be so lessened and the Soviet world so extended that they then would be prepared for an all-out challenge to us wherein we would be allowed the choice to surrender or die.

Americans have faced tough decisions in the past and have measured up to every challenge.

Without this quality of courage, common-sense and belief in divine guidance we would not have settled on these shores, achieved our independence, preserved the Union, won the West or grown to be a world power.

Recognizing the inherent danger in further Communist conquest, the Government of the United States has undertaken a series of commitments under the North Atlantic Alliance, the ANZUS (Australia-New Zealand-United States) mutual defense pact and mutual defense pacts with the Republic of the Philippines, the Republic of Korea, Japan, southeast Asia, and the Republic of China.

The last two treaties were overwhelmingly ratified by the Senate during this session of Congress.

In a display of national unity that should have encouraged our friends abroad, given courage to the neutrals and opened the eyes of the would-be aggressor, the House of Representatives passed the Formosa resolution by a vote of 409 to 3 and the Senate by a vote of 85 to 3.

This action had no sooner been taken and the two treaties ratified than diplomatic moves started on the part of certain Asian

and European powers to bend the line of defense in the Pacific.

The Soviet Union is now engaged in a series of diplomatic moves of far-reaching consequences.

Their apparent objective is to build a neutral block of nations between the Soviet Union and its satellites and the free Western World.

This effort is primarily directed toward the neutralization of nations which have had close ties with the West.

They also seek to outlaw the use of the atomic weapon without providing a satisfactory inspection system, and the proposal for checking upon conventional armaments is based on the model of the Korean Neutral Nations Commission which has been a dismal failure.

For the purpose of exploring the areas of tension in the world, the Government of the United States has agreed to a Big Four meeting "at the Summit." This gathering, which will take place 2 weeks from today is exploratory in character. Its purpose, at least as far as we are concerned, is to find or define areas of tension and leave to later meetings of the foreign ministers, of ambassadors or to the United Nations the recommendation for solutions if such can be found.

Certainly at this first Big Four meeting which President Eisenhower will attend as Chief Executive of our country, he will go with the prayers and hopes of our people that a just and durable peace may eventually be found based on human freedom, justice, and honorable dealings among nations.

The President and the Secretary of State are fully cognizant of the fact that the Soviet Union has violated an overwhelming majority of the treaties and agreements it has entered into during the past quarter of a century.

The once free people of Latvia, Lithuania, Estonia, Poland, Hungary, Rumania, Czechoslovakia, and Bulgaria can all give conclusive testimony in that regard.

Certainly a practical question must be faced if 50 out of 52 past agreements and treaties have been broken, what good is the signature on another one? Will it also be a "mere scrap of paper?"

An effort will be made by the Soviet Union to bring Communist China into the United Nations. The Chinese Communists were the aggressors in Korea; they inflicted 140,000 casualties upon us, including 35,000 dead; they are now in violation of the terms of the Korean armistice; they admit holding 11 of our airmen, 35 of our civilians and there is strong reason to believe they hold several hundred others.

I am opposed to the admission of Communist China into the United Nations.

Until the people of Eastern Europe who have lost their freedom through no fault of their own have an opportunity of electing their own governments by free elections under the supervision of the United Nations or of the Big Four powers, there can be no real release of tensions in that area of the world.

How can there be an effective release of tensions, when for over three decades it has been the policy of the men who rule the Kremlin to subvert governments all over the world and to bring the people of other nations under Communist control. A test of Soviet intentions for a just and durable peace would be the renunciation of the worldwide revolutionary aims of Marxian communism. The act would have to be more effective than that which took place when they changed the name of their worldwide revolutionary agency from the Comintern to the Cominform which was merely doing business at the same old stand under a new plume.

The question of a free and united Germany in contrast with a divided country on







# Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE  
(For Department Staff Only)

Issued July 7, 1955  
For actions of July 6, 1955  
84th-1st, No. 114

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HIGHLIGHTS: Senate agreed to House amendment to air pollution bill. Senate committee ordered reported bills to: increase funds for P. L. 480 and transfer its administration to USDA; include onions under CEA; amend Farm Tenant Act; provide for USDA report on tobacco research program; request USDA report on agricultural weather forecasting. House passed Mexican farm labor bill. House Rules Committee cleared farm credit bill. House received conference report on mutual security bill. Rep. Whitten discussed and inserted report on expanded foreign farm production.

## HOUSE

1. APPROPRIATIONS. Conferees were appointed on H. R. 6766, the public works appropriation bill, which includes funds for the Atomic Energy Commission, Tennessee Valley Authority, certain agencies of the Interior Department, and civil functions administered by the Army (p. 8565).
2. FOREIGN AID. Received the conference report on S. 2090, the mutual security bill (H. Rept. 1071) (pp. 8604-5). The House conferees "accepted the provision in the Senate bill requiring that \$300,000,000 of the funds authorized be used to finance the export and sale for foreign currencies of United States surplus agricultural commodities, with a clarifying amendment. The House amendment provided for a cumulative total of \$600,000,000 of such exports including \$350,000,000 for fiscal 1955 and \$250,000,000 for fiscal 1956.  
"It was the judgment of the committee of conference that this increased requirement for the utilization of United States surplus farm products in the mutual-security program could be met without impairing the effectiveness of the program."



3. FOREIGN TRADE. Rep. Whitten alleged that trade exponents, financial interests, and the technical assistance programs are conspiring to increase foreign agricultural production at the expense of the American farmer, consumer, and national interest, and that the Department of Agriculture has refused to sell surplus commodities "on a truly competitive basis." He inserted a report on agricultural commodities in foreign trade and the American farm program (pp. 8565, 8609-22).
4. FARM LABOR. Passed with committee amendments H. R. 3822, the Mexican farm labor bill (pp. 8586-8604). The Committee amendments provide for the extension of the Act until June 30, 1959; relieves employers of double liability for the cost of returning a worker to Mexico where the employer has paid once for such movement but the Mexican does not return and is later apprehended; and specifies that the Secretary of Labor is to obtain information on the availability of domestic workers, prevailing wage rates, and labor shortages in the area, and then post publicly the number of workers to be imported. The House rejected amendments that sought to: (1) require employers to offer domestic workers identical conditions and terms of employment as Mexican labor before the importation of Mexican laborers; (2) require the Agriculture Secretary to prescribe employer regulations for the safety, health, and welfare of workers being transported; (3) require the Attorney General to deport or return to reception centers workers who work for less than the prevailing wage.
5. PROPERTY. Passed without amendment S. 1290, to provide for the construction of certain Government buildings under the redevelopment plans of the District of Columbia (pp. 8605-6). This bill is now ready for the President.  
The Interior and Insular Affairs Committee reported without amendment S. 2097, authorizing the transfer to the Agriculture Department, for research purposes, of certain real property in St. Croix, V. I. (H. Rept. 1066) (p. 8623).
6. FARM CREDIT. The Rules Committee reported without amendment a resolution for the consideration and debate of H. R. 5168, which would amend the Farm Credit Act of 1955 (pp. 8604, 8623).
7. RECLAMATION. Received a report from the Comptroller General on the audit of the Bureau of Reclamation, Department of the Interior, for the fiscal years ended June 30, 1952 and 1953. Referred to the Government Operations Committee (p. 8623).
8. LANDS. The Interior and Insular Affairs Committee reported with amendment H. R. 4096, providing for the disposal of public lands within highway, telephone, and pipeline withdrawals in Alaska (H. Rept. 1062) (p. 8623).
9. MINING; FORESTS. The Interior and Insular Affairs Committee reported with amendment H. R. 6373, to extend programs to encourage the discovery, development, and production of certain domestic minerals (H. Rept. 1070) (p. 8623).
10. CUSTOMS. The Public Works Committee ordered reported H. R. 6769, to amend the act to provide better facilities for the enforcement of the customs and immigration laws so as to increase the amounts authorized to be expended (p. D668).
11. LEGISLATIVE PROGRAM. The "Daily Digest" states that on Thurs., July 7, "the House will consider H. R. 6059, to authorize the President of the United States to enter into an agreement with the President of the Republic of the Philippines to revise the 1946 trade agreement between the United States and the Republic of the Philippines" (p. D665).

## MUTUAL SECURITY ACT OF 1955

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JULY 6, 1955.—Ordered to be printed

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Mr. RICHARDS, from the committee of conference, submitted the following

### CONFERENCE REPORT

[To accompany S. 2090]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2090) to amend the Mutual Security Act of 1954, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its amendments numbered 10 and 11.

That the Senate recede from its disagreement to the amendments of the House numbered 1, 2, 3, 4, 5, 6, 7, 8, 9, 12, 13, 14, 15, 16, 17, 18, 19, 21, 22, 23, 24, 24½, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, and 47, and agree to the same.

Amendment numbered 20:

That the Senate recede from its disagreement to the amendment of the House numbered 20, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the House amendment insert the following:

(b) *In section 402, which relates to the sale of surplus agricultural commodities, strike out "not less than \$350,000,000" and insert in lieu thereof "for the fiscal year 1956, not less than \$300,000,000".*

And the House agree to the same.

Amendment numbered 35:

That the Senate recede from its disagreement to the amendment of the House numbered 35, and agree to the same with an amendment as follows:

On page 5 of the House engrossed amendments, insert quotation marks at the end of line 9, and strike line 10 and all that follows through line 7 on page 6; and the House agree to the same.



Amendment numbered 46:

That the Senate recede from its disagreement to the amendment of the House numbered 46, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the House amendment insert the following:

*"(b) It is the sense of the Congress that assistance under this Act shall be administered so as to assist other peoples in their efforts to achieve self-government or independence under circumstances which will enable them to assume an equal station among the free nations of the world and to fulfill their responsibilities for self-government or independence."*

And the House agree to the same.

JAS. P. RICHARDS,  
THOMAS E. MORGAN,  
CLEMENT J. ZABLOCKI,  
JOHN M. VORYS,  
WALTER H. JUDD,  
*Managers on the Part of the House.*

J. W. FULBRIGHT,  
JOHN SPARKMAN,  
MIKE MANSFIELD,  
H. ALEXANDER SMITH,  
BOURKE B. HICKENLOOPER,  
*Managers on the Part of the Senate.*

## STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2090) to amend the Mutual Security Act of 1954, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

### REDUCTION IN MILITARY AUTHORIZATION

Amendment No. 1: The managers on the part of the Senate accepted the authorization for \$1,133,000,000 for direct military assistance, a reduction of \$145,000,000 from the Senate bill. The conferees were not disposed to leave in any item as a reserve for contingencies in view of the unsatisfactory explanations given both Houses as to the present status of the program.

The conferees were influenced by the gyrations in the estimates of unobligated balances made by the executive branch during and since the presentation of this bill in both Houses.

Since August 26, 1954, section 1311 of the Supplemental Appropriation Act of 1955 has defined "valid obligations" for use in any statement of obligation of funds furnished to Congress or any committee thereof. Thus this section 1311 was no mere technicality, to be applied solely to appropriations; no change in section 1311 has been requested by the agencies, and there has been ample time for the executive agencies to adopt this required procedure in presenting this program to Congress this year.

The conferees were shocked at the wholesale "reservations" reported to have been made in the Defense Department during the last few days of the fiscal year, in order to "save" their appropriations from "losses" under section 1311. The loss of \$275,000,000 through failure to obligate or reserve during this rush period is now being called a "saving" by the agencies.

All of the conferees believe that prompt study and action is necessary by Congress and the Executive to prevent precipitate, and probably unjustified, obligating of funds to avoid deauthorizing or rescission of appropriations. We believe it would be helpful and we urge that the Congress adopt procedures that will give immediate rather than remote control in gearing spending in a fiscal year more closely to the annual appropriations. Making annual contract authorizations for future spending, as was the practice for many years, instead of appropriations for future contracts, would tend to accomplish this purpose.

The committee of conference agreed that the annual Mutual Security authorizing legislation should be submitted to the Congress earlier than has been the case in recent years, preferably by February 1.



## SPAIN

Amendments Nos. 9 and 10: The Senate receded from its disagreement to amendment No. 9, and the House receded from amendment No. 10. The conferees accepted the House figure of \$92,000,000, an increase of \$22,000,000 over the Senate figure of \$70,000,000, and deleted the language earmarking \$50,000,000 for Spain. The committee of conference, however, expresses its unanimous view that at least \$50,000,000 of the total amount should, after satisfactory negotiation and agreement, be used for assistance to Spain.

## GREECE

Amendment No. 11: The House receded from its amendment No. 11, but the conferees are unanimous that, subject to satisfactory negotiation and agreement, the defense support for Greece in fiscal year 1956 should not be less than that available in fiscal year 1955.

## SURPLUS AGRICULTURAL COMMODITIES

Amendment No. 20: The managers on the part of the House accepted the provision in the Senate bill requiring that \$300,000,000 of the funds authorized be used to finance the export and sale for foreign currencies of United States surplus agricultural commodities, with a clarifying amendment. The House amendment provided for a cumulative total of \$600,000,000 of such exports, including \$350,000,000 for fiscal 1955 and \$250,000,000 for fiscal 1956.

It was the judgment of the committee of conference that this increased requirement for the utilization of United States surplus farm products in the mutual security program could be met without impairing the effectiveness of the program.

INTERGOVERNMENTAL COMMITTEE FOR EUROPEAN MIGRATION AND  
NATO CIVILIAN HEADQUARTERS

Amendments Nos. 21 and 24: The Senate receded from its disagreement to amendments Nos. 21 and 24, which delete the authorizations for ICEM and NATO. The committee of conference emphasizes that the deletions were made because present law contains continuing authorizations of appropriations for United States contributions to ICEM and NATO and, therefore, further authorization is unnecessary. The committee of conference also emphasizes that the deletions do not constitute any reflection on the need for appropriations for ICEM and for NATO.

## JOINT COMMISSION ON RURAL DEVELOPMENT

Amendment No. 35: The House receded from the language proposed in its amendment to the Senate bill. The United States presently enjoys close cooperation with the Philippine Government in many fields of activities, including rural development. Information available to the committee of conference, which was not available when the House considered the section, indicates that both the American and the Philippine Governments now have serious doubts as to whether such a plan as that anticipated in the section is the best way to deal

with this problem at the present time. The subject requires considerably more study and discussion before final decision can be made on an intergovernmental basis.

## COLONIALISM

Amendment No. 46: The Senate receded from its disagreement to amendment No. 46 and accepted the House language on colonialism with a clarifying amendment which is in keeping with the purpose and objectives of the House language.

JAS. P. RICHARDS,  
THOMAS E. MORGAN,  
CLEMENT J. ZABLOCKI,  
JOHN M. VORYS,  
WALTER H. JUDD,  
*Managers on the Part of the House.*







I particularly want to point out that under my amendment the Attorney General has the alternative of returning the worker to a reception center for reassignment to another employer under a new contract, instead of deporting him for violation of conditions of entry. This determination is to be made in the light of the national interest of the United States. Thus my amendment would make possible a flexible application of the law, along with providing means for dealing with a situation which must not be permitted to last.

Mr. Chairman, I understand some objection will be made to this amendment, raised by the Department of Labor, that this amendment in some way would interfere with our agreement with Mexico under the migrant workers law. How could that possibly be in the light of the Agricultural Act of 1949 as it is now worded which implements this migrant workers law?

Section 508 of that law provides:

Nothing in this act shall be construed as limiting the authority of the Attorney General pursuant to the general immigration laws to permit the importation of aliens of any nationality for agricultural employment as defined in section 507 or to permit such alien who entered the United States legally to remain for the purpose of engaging in agricultural employment under such conditions and for such time as he the Attorney General shall specify.

So the Attorney General is given authority under the present law to deal with this problem of these migrant workers under the immigration and naturalization laws. Under this amendment there is spelled out, the particular action the Attorney General may take in the event of violation.

It seems to me this works to the benefit of the migrant worker. All it does is simply this: if they find a violation, under present law they have to deport him, under my amendment they may reassign the worker to another farmer.

The CHAIRMAN. The time of the gentleman from Maryland has expired.

Mr. HOPE. Mr. Chairman, I rise in opposition to the amendment.

(Mr. HOPE asked and was given permission to revise and extend his remarks.)

Mr. HOPE. Mr. Chairman, I feel certain that my able, distinguished and usually well informed friend from Maryland who offered this amendment, is not entirely familiar with the provisions under which the present program is being carried out. The agreement which we have with the Government of Mexico which forms the basis of this program covers the rate of wages, working condition and every other situation which might arise between the employer and the migrant worker.

So my first point, Mr. Chairman, is that this matter is already taken care of. There is no need for any provision of this kind.

In the second place, if we adopt this amendments we would have two departments of the Government carrying out this legislation—the Immigration Service—and the Department of Labor, with all of the confusion and duplication which that would imply. But there is

a third and still more important reason I think, and that is that this amendment would be an utter violation of the agreement which we have with the Mexican Government.

To substantiate these points I would like to read a portion of a letter written by the Assistant Secretary of Labor, Mr. Siciliano, under date of May 24, 1955 to General Swing, Commissioner of Immigration as follows:

The migrant labor agreement with Mexico under article 30 provides a procedure for the determination of whether a worker or employer has breached the work contract or the international agreement. This procedure affords the employer or the worker a right to have his alleged violation investigated jointly by representatives of the Mexican Foreign Ministry and the United States Department of Labor. Any party adversely affected by a finding under this procedure has a right of appeal to the Secretary of Labor and the representative of the Mexican Government in Washington (Senor Jose Delgado).

The failure to afford the employer or the worker the rights accorded him under the international agreement is in violation of that agreement and has the effect of relieving him of any financial responsibility arising out of his violation.

If the United States undertakes to make unilateral decisions under the international agreement, in violation thereof, we will find ourselves in a position where we cannot object to similar action on the part of the Mexican Government.

Another important point which I wish to reiterate is the fact that the United States guarantees the wages and transportation of these workers. The failure of the United States to follow the procedure referred to above would make it impossible for us to effect restitution from the employers. At the same time, however, the United States would be required, under article 32 of the Migrant Labor Agreement, to pay the three-quarter guaranty due the worker because of the premature termination of his contract.

Mr. Chairman, what I have just read clearly shows that the adoption of this amendment would not only violate our agreement with Mexico, but would seriously interfere with a program which is at present operating most effectively and successfully.

(Miss THOMPSON of Michigan (at the request of Mrs. CHURCH) was given permission to extend her remarks at this point in the Record.)

Miss THOMPSON of Michigan. Mr. Chairman, I am glad to add my support to the amendment introduced by the gentleman from Maryland, Congressman HYDE.

This amendment has been unanimously recommended by the Immigration Subcommittee. The practices brought to our attention are very disturbing. They not only tend to depress wages, but they are in violation of the immigration laws.

Mr. Chairman, the amendment should pass.

The CHAIRMAN. Does the gentleman from North Carolina want to press his point of order?

Mr. COOLEY. Mr. Chairman, I withdraw my point of order.

Mr. POAGE. Mr. Chairman, I move to strike out the last word to call attention to the fact that the Department of Justice was invited by the committee to

appear and did appear in hearings before the Committee on Agriculture and at that time made no suggestion that it wanted any legislation of the kind proposed in this amendment, but, on the contrary, made the positive recommendation for continuation of the provisions of this bill.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield to the gentleman from North Carolina.

Mr. COOLEY. If we adopt this amendment, would we not in effect be turning over enforcement of this law to the Attorney General?

Mr. POAGE. Not to the Attorney General. We would be turning it over to his agents. They drive up and down the Rio Grande with a six-shooter on their hip. We would be making judicial officers out of these enforcement officials. We would tell them that they could pass on the fact and assess the punishment. In short we would be setting up a bunch of six-shooter courts to punish these Mexican citizens for acts beyond their control.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Maryland [Mr. HYDE].

The amendment was rejected.

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. WHITTEN, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 3822) to amend title V of the Agricultural Act of 1949, as amended, by striking out the termination date, pursuant to House Resolution 255, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the committee amendment.

The committee amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

Mr. SAYLOR. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. SAYLOR. I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. SAYLOR moves that the bill be committed to the Committee on Agriculture for further study.

The SPEAKER. Without objection, the previous question is ordered.

There was no objection.

The SPEAKER. The question is on the motion to recommit.



The question was taken; and on a division (demanded by Mr. SAYLOR) there were—ayes 48, noes 123.

Mr. SAYLOR. Mr. Speaker, I object to the vote on the ground that a quorum is not present, and make the point of order that a quorum is not present.

The SPEAKER. The Chair will count. [After counting.] Two hundred and forty-two Members are present, a quorum.

So the motion was rejected.

The SPEAKER. The question is on the passage of the bill.

Mr. GROSS. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were refused.

The bill was passed.

The title was amended so as to read: "A bill to amend title V of the Agricultural Act of 1949, as amended."

A motion to reconsider was laid on the table.

#### FARM CREDIT ACT OF 1955

Mr. THORNBERRY, from the Committee on Rules, reported the following resolution (H. Res. 298, Rept. No. 1069), which was referred to the House Calendar and ordered to be printed:

*Resolved*, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 5168) to provide for retirement of the Government capital in certain institutions operating under supervision of the Farm Credit Administration; to increase borrower participation in the management and control of the Federal Farm Credit System; and for other purposes. After general debate, which shall be confined to the bill, and shall continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Agriculture, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

#### GENERAL LEAVE TO EXTEND

Mr. COOLEY. Mr. Speaker, I ask unanimous consent that all Members desiring to do so may revise and extend their remarks on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

#### ATOMIC WEAPONS REWARDS ACT OF 1955

Mr. COLE. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 609) to provide rewards for information concerning the illegal introduction into the United States, or the illegal manufacture or acquisition in the United States, or special nuclear material and atomic weapons.

Mr. Speaker, if I may make a short explanation of this bill, a bill similar to the Senate bill now before the House was adopted by the House on yesterday

with a minor amendment. In order to expedite the passage of the bill, I am seeking to call up the Senate bill and, if consideration is given to this request, will then offer a minor amendment.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

The Clerk read the bill, as follows:

*Be it enacted, etc.*, That this act may be cited as the "Atomic Weapons Rewards Act of 1955."

SEC. 2. Any person who furnishes original information to the United States—

(a) leading to the finding or other acquisition by the United States of any special nuclear material or atomic weapon which has been introduced into the United States, or which has been manufactured or acquired therein contrary to the laws of the United States, or

(b) with respect to an attempted introduction into the United States or an attempted manufacture or acquisition therein of any special nuclear material or atomic weapon, contrary to the laws of the United States, shall be rewarded by the payment of an amount not to exceed \$500,000.

SEC. 3. An Awards Board consisting of the Secretary of the Treasury (who shall be the Chairman), the Secretary of Defense, the Attorney General, the Director of Central Intelligence, and of one member of the Atomic Energy Commission designated by that Commission, shall determine whether any person furnishing information to the United States is entitled to any award and the amount thereof to be paid pursuant to section 2. In determining whether any person furnishing information to the United States is entitled to an award and the amount of such award, the Board shall take into consideration—

(a) whether or not the information is of the type specified in section 2, and

(b) whether the person furnishing the information was an officer or employee of the United States and, if so, whether the furnishing of such information was in the line of duty of that person.

Any award of \$50,000 or more shall be approved by the President.

SEC. 4. If the information leading to an award under section 3 is furnished by an alien, the Secretary of State, the Attorney General, and the Director of Central Intelligence, acting jointly, may determine that the entry of such alien into the United States is in the public interest and, in that event, such alien and the members of his immediate family may receive immigrant visas and may be admitted to the United States for permanent residence, notwithstanding the requirements of the Immigration and Nationality Act.

SEC. 5. The Board established under section 3 is authorized to hold such hearings and make, promulgate, issue, rescind, and amend such rules and regulations as may be necessary to carry out the purposes of this act.

SEC. 6. Any awards granted under section 3 of this act shall be certified by the Awards Board and, together with the approval of the President in those cases where such approval is required, transmitted to the Director of Central Intelligence for payment out of funds appropriated or available for the administration of the National Security Act of 1947, as amended.

SEC. 7. As used in this act—

(a) The term "atomic energy" means all forms of energy released in the course of nuclear fission or nuclear transformation.

(b) The term "atomic weapon" means any device utilizing atomic energy, exclusive of the means for transporting or propelling the

device (where such means is a separable and divisible part of the device), the principal purpose of which is for use as, or for development of, a weapon, a weapon prototype, or a weapon test device.

(c) The term "special nuclear material" means plutonium, or uranium enriched in the isotope 233 or in the isotope 235, or any other material which is found to be special nuclear material pursuant to the provisions of the Atomic Energy Act of 1954.

(d) The term "United States," when used in a geographical sense, includes the Commonwealth of Puerto Rico, all Territories and possessions of the United States and the Canal Zone; except that in section 4, the term "United States" when so used shall have the meaning given to it in the Immigration and Nationality Act.

Mr. COLE. Mr. Speaker, I offer an amendment.

The Clerk read, as follows:

Amendment offered by Mr. COLE: On page 4, line 20, strike out "the Commonwealth of."

Mr. COLE. Mr. Speaker, the effect of this amendment is simply to eliminate the characterization of Puerto Rico as having a commonwealth status. The bill retains Puerto Rico, but does not give it the designation of a commonwealth.

The amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

#### MUTUAL SECURITY ACT OF 1954

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that the conferees on S. 2090, to amend the Mutual Security Act of 1954, have until midnight tonight to file a report.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The conference report and statement follow:

#### CONFERENCE REPORT (H. REPT. NO. 1071)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2090) to amend the Mutual Security Act of 1954, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its amendments numbered 10 and 11.

That the Senate recede from its disagreement to the amendments of the House numbered 1, 2, 3, 4, 5, 6, 7, 8, 9, 12, 13, 14, 15, 16, 17, 18, 19, 21, 22, 23, 24, 24½, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 47, and agree to the same.

Amendment numbered 20: That the Senate recede from its disagreement to the amendment of the House numbered 20, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following:

"(b) In section 402, which relates to the sale of surplus agricultural commodities, strike out 'not less than \$350,000,000' and insert in lieu thereof 'for the fiscal year 1956, not less than \$300,000,000.'"

And the House agree to the same.

Amendment numbered 35: That the Senate recede from its disagreement to the amendment of the House numbered 35, and agree to the same with an amendment, as follows:



On page 5 of the House engrossed amendments, insert quotation marks at the end of line 9, and strike line 10 and all that follows through line 7 on page 6.

And the House agree to the same.

Amendment numbered 46: That the Senate recede from its disagreement to the amendment of the House numbered 46, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following:

"(b) It is the sense of the Congress that assistance under this Act shall be administered so as to assist other peoples in their efforts to achieve self-government or independence under circumstances which will enable them to assume an equal station among the free nations of the world and to fulfill their responsibilities for self-government or independence."

And the House agree to the same.

JAS. P. RICHARDS,  
THOMAS E. MORGAN,  
CLEMENT J. ZABLOCKI,  
JOHN M. VORYS,  
WALTER H. JUDD,

*Managers on the Part of the House.*

J. W. FULBRIGHT,  
JOHN SPARKMAN,  
MIKE MANSFIELD,  
H. ALEXANDER SMITH,  
BOURKE B. HICKENLOOPER,

*Managers on the Part of the Senate.*

#### STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2090) to amend the Mutual Security Act of 1954, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

#### REDUCTION IN MILITARY AUTHORIZATION

Amendment No. 1: The managers on the part of the Senate accepted the authorization for \$1,133,000,000 for direct military assistance, a reduction of \$145,000,000 from the Senate bill. The conferees were not disposed to leave in any item as a reserve for contingencies in view of the unsatisfactory explanations given both Houses as to the present status of the program.

The conferees were influenced by the gyrations in the estimates of unobligated balances made by the executive branch during and since the presentation of this bill in both Houses.

Since August 26, 1954, section 1311 of the Supplemental Appropriation Act of 1955 has defined "valid obligations" for use in any statement of obligation of funds furnished to Congress or any committee thereof. Thus this section 1311 was no mere technicality, to be applied solely to appropriations, no change in section 1311 has been requested by the agencies, and there has been ample time for the executive agencies to adopt this required procedure in presenting this program to Congress this year.

The conferees were shocked at the wholesale "reservations" reported to have been made in the Defense Department during the last few days of the fiscal year, in order to "save" their appropriations from "losses" under section 1311. The loss of \$275 million through failure to obligate or reserve during this rush period is now being called a "saving" by the agencies.

All of the conferees believe that prompt study and action is necessary by Congress and the Executive to prevent precipitate, and probably unjustified, obligating of funds to avoid deauthorizing or rescission of appropriations. We believe it would be helpful and we urge that the Congress adopt procedures that will give immediate, rather than

remote, control in gearing spending in a fiscal year more closely to the annual appropriations. Making annual contract authorizations for future spending, as was the practice for many years, instead of appropriations for future contracts, would tend to accomplish this purpose.

The committee of conference agreed that the annual mutual-security authorizing legislation should be submitted to the Congress earlier than has been the case in recent years, preferably by February 1.

#### SPAIN

Amendments Nos. 9 and 10: The Senate receded from its disagreement to amendment No. 9, and the House receded from amendment No. 10. The conferees accepted the House figure of \$92,000,000, an increase of \$22,000,000 over the Senate figure of \$70,000,000, and deleted the language earmarking \$50,000,000 for Spain. The committee of conference, however, expresses its unanimous view that at least \$50,000,000 of the total amount should, after satisfactory negotiation and agreement, be used for assistance to Spain.

#### GREECE

Amendment No. 11: The House receded from its amendment No. 11, but the conferees are unanimous that, subject to satisfactory negotiation and agreement, the defense support for Greece in fiscal year 1956 should not be less than that available in fiscal year 1955.

#### SURPLUS AGRICULTURAL COMMODITIES

Amendment No. 20: The managers on the part of the House accepted the provision in the Senate bill requiring that \$300,000,000 of the funds authorized be used to finance the export and sale for foreign currencies of United States surplus agricultural commodities, with a clarifying amendment. The House amendment provided for a cumulative total of \$600,000,000 of such exports including \$350,000,000 for fiscal 1955 and \$250,000,000 for fiscal 1956.

It was the judgment of the committee of conference that this increased requirement for the utilization of United States surplus farm products in the mutual-security program could be met without impairing the effectiveness of the program.

#### INTERGOVERNMENTAL COMMITTEE FOR EUROPEAN MIGRATION AND NATO CIVILIAN HEADQUARTERS

Amendments Nos. 21 and 24: The Senate receded from its disagreement to amendments Nos. 21 and 24 which delete the authorizations for ICEM and NATO. The committee of conference emphasizes that the deletions were made because present law contains continuing authorizations of appropriations for United States contributions to ICEM and NATO and, therefore, further authorization is unnecessary. The committee of conference also emphasizes that the deletions do not constitute any reflection on the need for appropriations for ICEM and for NATO.

#### JOINT COMMISSION ON RURAL DEVELOPMENT

Amendment No. 35: The House receded from the language proposed in its amendment to the Senate bill. The United States presently enjoys close cooperation with the Philippine Government in many fields of activities including rural development. Information available to the committee of conference, which was not available when the House considered the section, indicates that both the American and the Philippine Governments now have serious doubts as to whether such a plan as that anticipated in the section is the best way to deal with this problem at the present time. The subject requires considerably more study and discussion before final decision can be made on an intergovernmental basis.

#### COLONIALISM

Amendment No. 46: The Senate receded from its disagreement to amendment No. 46 and accepted the House language on colonialism with a clarifying amendment which is in keeping with the purpose and objectives of the House language.

JAS. P. RICHARDS,  
THOMAS E. MORGAN,  
CLEMENT J. ZABLOCKI,  
JOHN M. VORYS,  
WALTER H. JUDD,

*Managers on the Part of the House.*

#### TO AMEND THE PUBLIC BUILDINGS PURCHASE CONTRACT ACT OF 1954

Mr. JONES of Alabama. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 1290) to amend the Public Buildings Purchase Contract Act of 1954.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

Mr. MARTIN. Mr. Speaker, reserving the right to object, has the gentleman cleared this with the minority membership of the committee?

Mr. JONES of Alabama. It is my understanding that the bill has been cleared.

Mr. MARTIN. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the present consideration of the Senate bill?

There being no objection, the Clerk read the bill, as follows:

*Be it enacted, etc.,* That the Public Buildings Act of 1949, as amended, is further amended by redesignating section 412 as section 413 and by inserting a new section 412 reading as follows:

"Sec. 412. (a) In exercising the authority contained in section 411 within the southwestern portion of the District of Columbia, the Administrator of General Services shall conform to the plan for redevelopment of that area pursuant to the District of Columbia Redevelopment Act of 1945. Purchase contract agreements for this area shall be for terms of not less than 10 years nor more than 30 years.

"(b) The Administrator of General Services is authorized to transfer lands of the United States under his control needed by the District of Columbia Redevelopment Land Agency to said Agency within the southwestern portion of the District of Columbia, and in consideration therefor, to accept from said Agency other lands and interests of equivalent value within the same area.

"(c) Whenever the Administrator of General Services initially occupies a building in the southwestern portion of the District of Columbia pursuant to a purchase contract agreement, he shall thereupon cause to be demolished temporary Government building space in the District of Columbia of equivalent occupancy.

"(d) In exercising the authority contained in section 411 within the southwestern portion of the District of Columbia, the Administrator of General Services is hereby authorized, pursuant to section 302 (c) (14) of the Federal Property and Administrative Services Act of 1949, as amended, to negotiate purchase contracts, in accordance with title III of such act. In negotiating such contracts, the Administrator shall take all



practicable steps to insure competition among prospective contractors.

"(e) The limitation of 3 years set forth in the second sentence of section 411 (e) shall be read as 5 years with respect to purchase contracts for projects within the southwestern portion of the District of Columbia.

"(f) In transmitting the prospectus required by section 411 with respect to any proposed purchase contract for a project within the southwestern portion of the District of Columbia, which shall be published in the Federal Register for a period of 10 consecutive days from date of submission to the respective committees, the Administrator shall not be required to include the certificate referred to in subdivision (3) of section 411 (e)."

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill was laid on the table.

#### INSTALLATION OF ADDITIONAL ELEVATORS IN THE SENATE WING OF THE CAPITOL

Mr. JONES of Alabama. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 1993) authorizing the installation of additional elevators in the Senate wing of the Capitol.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The Clerk read the bill, as follows:

*Be it enacted, etc.,* That the Architect of the Capitol is authorized and directed to prepare and submit to the Committee on Rules and Administration of the Senate plans and specifications for the installation of two additional elevators in the Senate wing of the Capitol, to be located adjacent to and east of the existing elevators at the main east front entrance to the Senate wing. Upon approval of such plans and specifications by such committee, the Architect of the Capitol is authorized and directed to proceed with the procurement and installation of such elevators, including the making of such structural changes in the Capitol Building as may be necessary to provide for such installation.

SEC. 2. There is hereby authorized to be appropriated the sum of \$285,000 to carry out the provisions of this act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

#### NATIONAL PROSPERITY AND MASSACHUSETTS

(Mr. PHILBIN asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. PHILBIN. Mr. Speaker, under unanimous consent to revise and extend my remarks in the RECORD, I include a recent article which I prepared for the Worcester Telegram in the guest editorial column entitled "National Prosperity and Massachusetts":

##### NATIONAL PROSPERITY AND MASSACHUSETTS

Three most desirable economic aims for the national leadership, if general prosperity is to be achieved and maintained are—

1. Eliminating current unemployment.
2. Maintaining present prosperous conditions throughout the Nation as a whole.
3. Aiding in every way we can, consistent with our own capacity, to strengthen the free world against communism so that a just peace can be secured.

Several proposals directed to these ends were articulated by the President in his various messages to the Congress and others are expected to follow suggesting specific blueprints for legislative and administrative action to implement the overall program.

Hardly ever before have stock and market prices reached such high levels. We are assured by financial experts, as well as by the indexes which forecast economic conditions, that there is currently no danger of inflation or of deflation. The problem becomes one of promoting and encouraging those forces in Government and in our economy which will best insure the orderly expansion of our great productive system to serve increased national needs and to blot out the unemployment of many people who, paradoxically enough, in an era of pronounced general prosperity find themselves without jobs.

History abundantly demonstrates that meddling with basic economic laws by Government bureaucrats frequently proves disastrous. Yet it is equally true that in a great economy like ours there are times when a measure of control, regulation, and restriction must be exercised to avoid abuses and excesses of some individuals and groups and to keep unfavorable trends from getting out of hand and producing the extremes of inflation and deflation.

It is, therefore, not so much a matter of whether controls are exercised at all as how, when, and by whom they are exercised. Our past experiences in this field have not been especially fruitful or beneficial because in the past, save for wartime uses, efforts to apply these controls—to put on or release the economic brakes so to speak, have brought unexpectedly damaging results. That we are now in a period when greatest care must be employed by trained, competent economic advisers and farsighted Government leaders in selecting financial and economic policies for the Nation if we are to avoid the evils of depression or overexpansion, is undeniable.

It is my judgment that, if these natural economic forces are properly channeled and prudently and scientifically directed by those charged with responsibility of business and governmental leadership, that this Nation may very well be on the threshold of its greatest prosperity—truly an age of blessed abundance and matchless opportunity for all our citizens. In one sense, assuming the cultivation of the right climate and the pursuit of sound policies by the leadership at Washington, only one factor would stand in the way of the realization of unprecedented prosperity and happiness for the American people and that is something not within our control since it lies exclusively in the province of the leaders of Soviet Russia, namely, whether or not the country and the world will be able to avoid another great catastrophe of war and enjoy a just peace.

We in New England, perhaps to a greater extent than any other section of the country, are not fully sharing the current wave of prosperity which spreads across the Nation. We can be thankful, to be sure, that on the whole, we are doing well, even though it is not so well in the economic sense as most other sections of America. But we must also be concerned about the trouble spots, so-called, scattered throughout our area, even dotting our own immediate vicinity in Worcester County and central Massachusetts, where there is very distressing unemployment sizable enough to warrant Government classification.

From the coldly scientific standpoint of the statistician, it is easy to state that only 3 million or less people in the country are unemployed. It is not easy, however, to give that answer to one of your neighbors who is out of work or to his family actually living with the harsh realities of a meager subsistence and denial of ordinary comforts and conveniences of life and loss of opportunity to pursue their legitimate and rightful aspirations. Yet we know it to be a fact within our area today, the national prosperity notwithstanding, that many of our friends and neighbors are not working. And that must give us not only anxiety but firm resolve to try to do something about it.

Those of us in public life, not only interested, but gravely concerned about this rather extensive unemployment in our midst, feel obligated to search most zealously for causes and for remedies. The causes are readily found, but because of certain economic differentials and political obstacles, the remedies are somewhat elusive and most difficult of accomplishment.

During more than two decades now some industries which, for many years, provided very substantial employment here have closed their doors or migrated to other States. Virtually the entire cotton textile industry once so vigorous has disappeared. The woolen branch of that great industry which once employed literally hundreds of thousands of people has been visited with critical problems of survival in this area. Much of this industry is hanging on by its teeth. The boot and shoe industry almost indigenous to Massachusetts has undergone somewhat similar experiences. There are signs that other industries are following a similar tack, and that conditions in our State repel rather than attract new industries although the electronics, plastic, and related industries would seem to be exceptions to the rule.

Various factors are blamed for these conditions—high taxes, State and local, power and fuel costs, lack of far-sighted cooperation by the State and localities, differentials in wages, labor standards and conditions, remoteness from sources of raw materials and markets, freight and transportation differentials and the baneful effects of the operation of the reciprocal trade treaties. Undoubtedly these and other factors have, in one way or another, contributed to the loss of competitive advantage and consequent shift in status and location of many industries.

How can we find the remedies for this situation? How can we apply a formula that will make it possible for these industries and others desiring to come to our State to operate here on a profitable basis without being priced out of the national and Government procurement markets as has been the experience of so many of our industries in recent years?

These questions are too sizable to be considered here in their entirety. Clearly there would be the greatest resistance, and rightly so, to any proposed relaxation of the high standards of wages, working conditions, safety and health protections and other social advantages which we have established, and a solution can be found least of all in this direction, although I do not mean to infer for one moment that enlightened representatives of labor and management could not make mighty contributions in the direction of retaining, insuring, and in some instances reestablishing the relative competitiveness of Massachusetts industry.

But when all these things are said and done it must be recognized that the trade treaties have dealt a damaging blow to many New England industries and, as to some, they may well have delivered the knockout punch. No great argumentation is necessary to demonstrate this proposition. For example, national wages in the textile industry average \$1.41 per hour across the board throughout



July 6, 1955

12. AIR POLLUTION. Agreed to House amendment to S. 928, to provide for research on, and control of, air pollution (pp. 8563-4). This bill will now be sent to the President. The House amendment increased from \$3 to \$5 million a year the authorized appropriation to HEW for each of the fiscal years beginning July 1, 1955 and ending June 30, 1960. For provisions of the bill see Digest 112, item 9.
13. FOREIGN AID. Sens. Green and Wiley were excused from further service as conferees on S. 2090, the mutual security bill, and Sens. Mansfield and Hickenlooper were appointed in their place (p. 8530).
14. TRADE DEVELOPMENT; ONIONS; FARM LOANS; TOBACCO; WEATHER. The Agriculture and Forestry Committee ordered reported without amendment S. 2253, to increase funds for P. L. 480 and transfer its administration to USDA; H. R. 122, to amend the Commodity Exchange Act so as to include onions; and with amendment S. 1758, to amend the Farm Tenant Act to provide additional authority for insurance of loans; S. J. Res 75, to provide for a report from this Department on tobacco research programs; with amendments S. Res 82, requesting a report from this Department on horticultural and agricultural weather forecasting; and an original resolution authorizing funds of \$20,000 for the committee to conduct field hearings on farm price support program (pp. D663-4).
15. EXPENDITURES; APPROPRIATIONS. Sen. Byrd inserted a statement of the Joint Committee on Reduction of Nonessential Federal Expenditures, relating to unexpended balances of Federal appropriations, together with a table summarizing the information compiled in a report on the same subject by the committee, as of March 31, 1955 (pp. 8531-2).
16. WHEAT. Sen. Neuberger stated that "in the recent wheat referendum farmers showed their concern over their loss of income by voting in larger percentages for a national support price" and inserted an editorial on this subject (pp. 8552-3).
17. WATER RESOURCES. Passed as reported H. R. 3990, authorizing the Interior Department to investigate and report to Congress on the water resources in Alaska (p. 8553).
18. DEFENSE PRODUCTION. S. 2391, to extend the Defense Production Act for 2 years was made the unfinished business (pp. 8553-4).
19. PROPERTY. The "Daily Digest" states that: The Government Operations Committee announced that the hearings, originally scheduled for July 7 and 8 on S. 2367, relating to the authority of GSA Administrator with respect to utilization and disposal of excess and surplus Government property under the control of executive agencies, have been rescheduled for July 13 and 14 (p. D664).
20. LEGISLATIVE PROGRAM. Sen. Clements announced that following completion of action on the bill to amend the Defense Production Act, the bills to negotiate a Missouri River Basin compact and to eliminate the 1-year limitation on the period of leases of space for Federal agencies in D. C. would be considered. He also announced that it would be the intention of the Senate to adjourn from today until Monday (p. 8554).



BILLS INTRODUCED

21. PERSONNEL. S. 2425, by Sen. Johnston, S. C. (for himself and others), to authorize the Civil Service Commission to make available on a voluntary basis, group hospital, surgical, medical, and other personal health service benefits for civilian officers and employees in the Federal service, through the facilities of prepayment group plans, group practice prepayment plans, Federal employee organizations, and insurance companies; to Post Office and Civil Service Committee (p. 8530).

H. R. 7179, by Rep. Broyhill, to amend section 1 (d) of the Civil Service Retirement Act of May 29, 1930, as amended; to Post Office and Civil Service Committee (p. 8623).

H. R. 7180, by Rep. Broyhill, to provide for the granting of career-conditional and career appointments in the competitive civil service to certain qualified employees of the Department of Corrections of the District of Columbia; to Post Office and Civil Service Committee (p. 8623).

22. PROPERTY. H. R. 7184, by Rep. Donohue, and H. R. 7191, by Rep. Philbin, to amend the Federal Property and Administrative Services Act of 1949 to make temporary provision for making payments in lieu of taxes with respect to certain real property transferred by the Reconstruction Finance Corporation and its subsidiaries to other Government departments; to Government Operations Committee (p. 8624).

ITEMS IN APPENDIX

23. RECLAMATION; ELECTRIFICATION. Sen. Gore inserted a statement by Sen. Anderson urging rejection of the Dixon-Yates contract (pp. A4897-8). He also inserted a Louisville Courier-Journal editorial giving the history of the Dixon-Yates controversy and recommending further investigation of attempts by the Administration to put through the Dixon-Yates contract (pp. A4898-4900).

Sen. Butler inserted a Wall Street Journal article, "Power Propaganda;" stating that public power advocates have distorted the issues in the controversy between private and public power interests, and recommending that proposal of the Hoover Commission concerning power production be adopted (p. A4901).

Sen. Anderson inserted a newspaper article opposing the Dixon-Yates contract (p. A4905).

Rep. Cannon inserted a St. Louis Post-Dispatch editorial favoring REA and criticizing recommendations of the Hoover Commission which would favor private power interests (p. A4936).

Rep. Wilson inserted an article by Rep. Hosmer in the San Diego Tribune, warning Californians to fight the upper Colorado River project and charging that the project violates the terms of the Colorado River compact (p. A4922).

Rep. Hiestand inserted editorials from newspapers in Colorado (p. A4905) and Alabama (p. A4908) opposing the upper Colorado River storage project.

Rep. Hosmer inserted two "Bananas on Pikes Peak" articles giving arguments against the upper Colorado River storage project (pp. A4929, A4930).

24. MONOPOLIES. Rep. Smith, Miss., inserted an editorial from Fortune Magazine criticizing the President of Westinghouse for advocating higher tariffs on electrical equipment (p. A4905).

25. FOREIGN AID. Sen. Schoeppel inserted a Wall Street Journal editorial warning against possible public misunderstanding of the scope of the foreign aid program due to the replacement of FOA by ICA (p. A4907).





# Congressional Record

United States  
of America

PROCEEDINGS AND DEBATES OF THE 84<sup>th</sup> CONGRESS, FIRST SESSION

Vol. 101

WASHINGTON, WEDNESDAY, JULY 6, 1955

No. 114

## Senate

Rev. Ethan W. Dodgen, minister, First Methodist Church, Jonesboro, Ark., offered the following prayer:

Eternal God, our Father, we thank Thee for the rich heritage of this Nation. For as we have trusted in Thee and followed Thy laws, great good has come to us, and Thou hast used us to bless mankind. May Thy grace sustain us, Thy strength undergird us, and Thy wisdom guide us as we face the issues of this day. In the spirit and name of Thy Son, Jesus, we pray. Amen.

### THE JOURNAL

On request of Mr. CLEMENTS, and by unanimous consent, the reading of the Journal of the proceedings of Tuesday, July 5, 1955, was dispensed with.

### MESSAGES FROM THE PRESIDENT— APPROVAL OF BILLS

Messages in writing from the President of the United States were communicated to the Senate by Mr. Tribbe, one of his secretaries, and he announced that on July 1, 1955, the President had approved and signed the following acts:

- S. 243. An act for the relief of Szjena Pelson and David Pelson;
- S. 375. An act for the relief of Alexy W. Katyll and Ioanna Katyll;
- S. 735. An act for the relief of Sarah Kabaczniak; and
- S. 1747. An act to increase the public benefits from the national-park system by facilitating the management of museum properties relating thereto, and for other purposes.

### MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its clerks, announced that the House had passed, without amendment, the following bills and joint resolution of the Senate:

- S. 42. An act for the relief of Selma Rivlin;
- S. 88. An act for the relief of Maximilian Karl Manjura;
- S. 90. An act for the relief of Nejibe El-Sousse Slyman;
- S. 94. An act for the relief of Esther Cornelius, Arthur Alexander Cornelius, and Frank Thomas Cornelius;

S. 95. An act for the relief of Peter Charles Bethel (Peter Charles Peters);

S. 99. An act for the relief of Xanthi Georges Komporozou;

S. 107. An act to provide for the conveyance of a portion of the Fort Devens Military Reservation, Mass., to the Commonwealth of Massachusetts;

S. 118. An act for the relief of Leon J. de Szethofer and Blanche Hrdinova de Szethofer;

S. 323. An act for the relief of Luigi Orlando;

S. 378. An act for the relief of Giuseppina Latina Mozzicato and Giovanni Mozzicato (John Mozzicato);

S. 429. An act for the relief of Franciszek Janicki and his wife, Stefania Janicki;

S. 481. An act for the relief of Gerard Lucien Dandurand;

S. 502. An act for the relief of Elsa Lederer;

S. 800. An act to repeal the act of January 19, 1929 (ch. 86, 45 Stat. 1090), entitled "An act to limit the date of filing claims for retainer pay";

S. 802. An act to amend the Universal Military Training and Service Act, as amended, to remove the requirement for a final physical examination for inductees who continue on active duty in another status in the Armed Forces;

S. 804. An act to amend section 201 (e) of the Career Compensation Act of 1949, as amended, to provide for advance payments of certain pay and allowances of members of the uniformed services, and for other purposes;

S. 933. An act to facilitate the settlement of the accounts of deceased members of the uniformed services, and for other purposes;

S. 1007. An act to amend the Federal Property and Administrative Services Act of 1949, as amended, and for other purposes;

S. 1137. An act to extend the authority for the enlistment of aliens in the Regular Army;

S. 1300. An act to declare a certain portion of the waterway at Greenwich, Conn. (in which is located the Greenwich Harbor), a nonnavigable stream;

S. 1318. An act to modify the project for the Denison Reservoir on Red River in Texas and Oklahoma in order to provide for a highway bridge across Lake Texoma;

S. 1469. An act to declare the portion of the waterway at Bridgeport, Conn., known as the West Branch of Cedar Creek, a nonnavigable stream;

S. 1571. An act to authorize voluntary extensions of enlistments in the Army, Navy, and Air Force for periods of less than 1 year;

S. 1633. An act relating to a constitutional convention in Alaska;

S. 1725. An act to repeal two provisions of law requiring that certain military personnel shall be paid monthly;

S. 2135. An act to provide for the suspension of certain benefits in the case of members of the Reserve components of the Army, Navy, Air Force, and Marine Corps ordered to extended active duty in time of war or national emergency, and for other purposes; and

S. J. Res. 77. Joint resolution to modify the authorized project for Ferrells Bridge Reservoir, Tex., and to provide for the local cash contribution for the water supply feature of that reservoir.

The message also announced that the House had passed the following bills and joint resolution of the Senate, severally with an amendment, in which it requested the concurrence of the Senate:

S. 467. An act for the relief of Dr. Luciano A. Legiardi-Laura;

S. 928. An act to provide research and technical assistance relating to air pollution control;

S. 1250. An act to declare Pike Creek above the easterly side of the highway bridge at Sixth Avenue in the city of Kenosha a nonnavigable stream; and

S. J. Res. 38. Joint resolution consenting to an interstate compact to conserve oil and gas.

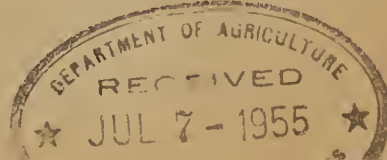
### COMMITTEE MEETING DURING SENATE SESSION

On request of Mr. CLEMENTS, and by unanimous consent, the Subcommittee on Juvenile Delinquency of the Committee on Labor and Public Welfare was authorized to meet during the session of the Senate.

### LIMITATION OF DEBATE DURING MORNING HOUR

Mr. CLEMENTS. Mr. President, under the rule there will be a morning hour. I ask unanimous consent that any statements made in connection with the presentation of petitions and memorials, the introduction of bills, and the transaction of other routine business, be limited to 2 minutes.

The VICE PRESIDENT. Without objection, it is so ordered.





## EXECUTIVE COMMUNICATIONS, ETC.

The VICE PRESIDENT laid before the Senate the following letters which were referred as indicated:

PROPOSED CONCESSION CONTRACT, MILLERTON LAKE NATIONAL RECREATION AREA, CALIFORNIA

A letter from the Assistant Secretary of the Interior, transmitting, pursuant to law, a proposed concession contract in the Millerton Lake National Recreation Area, California (with accompanying papers); to the Committee on Interior and Insular Affairs.

## SUSPENSION OF DEPORTATION OF CERTAIN ALIENS

Two letters from the Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting, pursuant to law, copies of orders suspending deportation of certain aliens, together with a statement of the facts and pertinent provisions of law as to each alien and the reasons for ordering such suspension (with accompanying papers); to the Committee on the Judiciary.

## PETITION

The VICE PRESIDENT laid before the Senate a resolution adopted by the 56th annual convention of the American Federation of Musicians, at Montreal, Canada, favoring the enactment of legislation to provide statehood for Alaska, which was referred to the Committee on Interior and Insular Affairs.

## BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. MANSFIELD:

S. 2421. A bill to provide for the payment of compensation to officers and members of the Metropolitan Police force, the United States Park Police force, the White House Police force, and the Fire Department of the District of Columbia, for duty performed on their days off, when such days off are suspended during an emergency; to the Committee on the District of Columbia.

(See the remarks of Mr. MANSFIELD when he introduced the above bill, which appear under a separate heading.)

By Mr. STENNIS:

S. 2422. A bill for the relief of Manuel Villar Soler; to the Committee on the Judiciary.

By Mr. BRICKER:

S. 2423. A bill for the relief of Lin Tsai; to the Committee on the Judiciary.

By Mr. HILL:

S. 2424. A bill to provide that Lock and Dam No. 17 on the Black Warrior River, Ala., shall hereafter be known and designated as the John Hollis Bankhead Lock and Dam; to the Committee on Public Works.

By Mr. JOHNSTON of South Carolina (for himself and Mr. CARLSON) (by request):

S. 2425. A bill to authorize the Civil Service Commission to make available on a voluntary basis, group hospital, surgical, medical, and other personal health service benefits for civilian officers and employees in the Federal service, through the facilities of prepayment group plans, group practice prepayment plans, Federal employee organizations, and insurance companies, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. LANGER:

S. 2426. A bill for the relief of Antonio Aberasturi (Gigorraga); to the Committee on the Judiciary.

By Mr. NEELY (for himself, Mr. MORSE, and Mr. McNAMARA):

S. 2427. A bill to provide for the payment of compensation to officers and members of the Metropolitan Police force, the United States Park Police force, the White House Police force, and the Fire Department of the District of Columbia, for duty performed on their days off, when such days off are suspended during an emergency; to the Committee on the District of Columbia.

By Mr. NEELY (for himself, Mr. MORSE, and Mr. McNAMARA) (by request):

S. 2428. A bill to increase the salaries of officers and members of the Metropolitan Police force and the Fire Department of the District of Columbia, the United States Park Police, the White House Police, and for other purposes; to the Committee on the District of Columbia.

By Mr. MAGNUSON (by request):

S. 2429. A bill to amend section 212 of the Merchant Marine Act, 1936, to authorize research and experimental work with vessels, vessel propulsion and equipment, port facilities, planning, and operation and cargo handling on ships and at ports; to the Committee on Interstate and Foreign Commerce. (See the remarks of Mr. MAGNUSON when he introduced the above bill, which appear under a separate heading.)

## OVERTIME PAY FOR POLICE WORK IN THE DISTRICT OF COLUMBIA

Mr. MANSFIELD. Mr. President, I am about to introduce a bill, and I ask unanimous consent that I may speak on it for 1 minute in excess of the 2 minutes allowed under the order which has been entered.

The VICE PRESIDENT. Without objection, the Senator from Montana may proceed.

Mr. MANSFIELD. Mr. President, I introduce, for appropriate reference, a bill to provide for the payment of compensation to officers and members of the Metropolitan Police force, the United States Park Police force, the White House Police force, and the Fire Department of the District of Columbia, for duty performed on their days off, when such days off are suspended during an emergency.

We in the Nation's Capital are in the midst of a transit strike. The suspension of bus and streetcar service has affected almost every segment of life in the city, the commuters, business houses, private car owners, and others. This strike is most unfortunate, but one of the hardest hit is Washington's Metropolitan Police Department.

Since the beginning of the strike on Friday, July 1, the whole force has been on duty 12 hours a day and every day. All regular days off were canceled. Men were called in who were on vacation. Until the transit strike is over, these policemen will be working overtime and extra shifts without extra pay. The police have met the traffic emergency with astonishing efficiency and resourcefulness and will continue to do so and are to be commended for their fine efforts.

This is not the first time they have been called upon to put in such overtime. Recently leaves have been canceled to take care of crime waves, celebrations, and school integration. For example, in

January 1953, men had to work extra time due to the crime situation. During that month 24,000 man-hours were put in without pay.

What is the financial status of our police force today? The starting salary is \$3,900. Many have to find part time jobs to meet family expenses. Many wives work to supplement their husband's salary. At present 350 policemen are working on part-time jobs. I sincerely hope that some additional compensation will materialize under a bill now before Congress providing for a 7.5 increase. Adequate pay is necessary to maintain our force at full strength.

We, in Washington, D. C., have a police force of which we can be justly proud. In 1954 when the crime rate was increasing nationally in our large cities by 5 percent, the crime rate decreased 8 percent in the same year in the District. The approximate figures for fiscal year 1955 indicate another 8-percent drop in the crime rate in the District.

It is unfortunate indeed that these men should be required to put in this extra time serving the public without proper compensation. The bill which I am introducing today will provide for such compensation on this and future occasions. This bill is retroactive to July 1 to provide overtime pay to meet the present emergency.

The VICE PRESIDENT. The bill will be received and appropriately referred.

The bill (S. 2421) to provide for the payment of compensation to officers and members of the Metropolitan Police force, the United States Park Police force, the White House Police force, and the Fire Department of the District of Columbia, for duty performed on their days off, when such days off are suspended during an emergency, introduced by Mr. MANSFIELD, was received, read twice by its title, and referred to the Committee on the District of Columbia.

## AMENDMENT OF MUTUAL SECURITY ACT OF 1954—CHANGE OF CONFEREES

Mr. CLEMENTS. Mr. President, I ask unanimous consent that the Senator from Montana [Mr. MANSFIELD] and the Senator from Iowa [Mr. HICKENLOOPER] be named conferees on the bill (S. 2090) to amend the Mutual Security Act of 1954, in lieu of the Senator from Rhode Island [Mr. GREEN] and the Senator from Wisconsin [Mr. WILEY].

The VICE PRESIDENT. Without objection, it is so ordered.

## ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE APPENDIX

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the Appendix, as follows:

By Mr. GORE:

Statement by Senator ANDERSON with reference to the Dixon-Yates contract.

Editorial entitled "Eisenhower's Particular Albatross," published in the Louisville Courier-Journal.







# Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE  
(For Department Staff Only)

Issued July 8, 1955  
For actions of July 7, 1955  
84th-1st, No. 115

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HIGHLIGHTS: Senate committee reported bills to increase funds for Public Law 480 and transfer its administration to USDA; include onions under CEA; amend Farm Tenant Act; provide for USDA report on tobacco research program; request USDA report on tobacco research program; request USDA report on agricultural weather forecasting. Both Houses agreed to conference report on mutual security bill. House committee ordered reported bill to provide retirement credit for certain State service. House received conference report on public works appropriation bill.

## HOUSE

- ~~1. APPROPRIATIONS. Received the conference report on H. R. 6766, the public works appropriation bill, which includes funds for the Atomic Energy Commission, the Tennessee Valley Authority, certain functions of the Interior Department, and certain civil functions of the Army (H. Rept. 1085) (p. 8678-83).  
Received and agreed to the conference report on H. R. 6829, to authorize certain construction at military, naval, and Air Force installations, including a provision for financing certain military housing by furnishing surplus agricultural commodities (H. Rept. 1083) (pp. 8661-71).~~
- ~~2. FOREIGN AID. Both Houses agreed to the conference report on S 2090, the mutual security aid bill (pp. 8633-5, 8656-9). This bill is now ready for the President. See Digest 114 for statement.~~
- ~~3. FOREIGN TRADE. Passed as reported H. R. 6059, the bill to revise the Philippine Trade Agreements Act (pp. 8648-54).~~
- ~~4. PERSONNEL. The Post Office and Civil Service Committee ordered reported the following bills: H. R. 6590, to prohibit Federal employment to disloyal persons or to those who believe in the right to strike against the Federal~~



Government; S. 1041, to include certain State service in computation of accreted service toward annuity; S. 1792, to amend the Federal Employees Group Life Insurance Act, regarding assumption of funds of non-profit association of Federal employees (p. D676).

The Post Office and Civil Service Committee recommended that a resolution be introduced giving the committee authority to investigate postal and civil-service matters under its jurisdiction (p. D676).

5. MINING; FORESTS. The Rules Committee reported a resolution waiving points of order and providing for debate on H. R. 6373, to extend programs to encourage the discovery, development, and production of certain domestic minerals (p. 8659).
6. ORGANIZATION. Rep. Reece inserted the statement of Mr. Hoover on June 30, 1955 which marked the end of his chairmanship of the Hoover Commission (pp. 8677-8).
7. RECLAMATION. The Interior and Insular Affairs Committee reported with amendment H. R. 4308, for the relief of desert land entrymen whose entries are dependent upon percolating waters for reclamation (H. Rept. 1084) (p. 8684).
8. LEGISLATIVE PROGRAM. The "Daily Digest" states that the House program will be as follows: "Mon., July 11, the mutual security appropriation bill; Tues., July 12, the Farm Credit Act of 1955; Wed., July 13 and balance of the week, minimum wage bill, Social Security Act amendments for 1955, H. R. 6373, extension of Domestic Minerals Program Act of 1953, and H. R. 7089, the Servicemen's and Veterans' Survivor Benefits Act." (p. D677).
9. WHEAT TRANSPORTATION. Rep. Cannon deplored the shortage of transportation facilities for the new wheat crop and suggested that the Department not ship old grain during the period when the new crop is being prepared for shipment (p. 8471, July 5).
10. FORESTRY. Passed as reported H. R. 605, which would abolish the 80-rod reservation of public ownership between public land claims located on shore waters in Alaska (pp. 8489-90, July 5).
11. ACCOUNTING. As reported (June 29), H. R. 7035 authorizes the Comptroller General to authorize reimbursement from available appropriations or funds of disbursing or other accountable officers or agents for amounts paid by them or in their behalf in restitution of an actual physical loss or deficiency. This would apply to amounts paid by or on behalf of such officers since August 1, 1947, the date of the existing law now authorizing relief but not reimbursement.  
As reported (June 29), H. R. 7034 authorizes the Comptroller General to relieve a disbursing officer of accountability and responsibility, and to allow credit in his official disbursing accounts for a deficiency, when it has been determined that such payments were not the result of bad faith or lack of due care on the part of such disbursing officer for whom relief is sought. It further provides that relief may be denied in any case in which the Comptroller General determines that the department or agency concerned has not diligently pursued collection action in accordance with procedures prescribed by the Comptroller General.
12. ADJOURNED until Mon., July 11 (p. 8684).



waterway. It will not be possible for these new vessels to utilize their larger capacities for iron ore in navigating the connecting channels at their present controlling depths when the water levels of the lakes are at ordinary low stages.

The proposal to improve the controlling depth of the channels to 27 feet from its present depths of 21 feet upbound and 25 feet downbound thus merits quick approval. It will enable the new carriers to operate efficiently during even the period of the low-water cycle of the Great Lakes waterway. And that waterway—may I respectfully remind the subcommittee—is the greatest low-cost transportation artery of the Nation. The projects outlined in the several bills you are now considering will cause to be lowered even the exceedingly low ton-mile costs which now exist. Since 1.7 times more traffic travels the Great Lakes than travels all the other inland waterways of the country combined, any new savings realized will be a most important contribution to the economy of the Midwest and the Nation.

But the advantages of additional savings through deepening the connecting channels must not be allowed to overshadow an ominous truth. This is that if the channels are not improved soon, those fine figures for low-cost ton-miles may well start climbing again. Continuation of the present ton-mile rates depends upon the most efficient usage of carriers, and because of some of the facts of life concerning the composition of the present fleet, the continued use of present vessels is becoming more and more uneconomical.

Let me refer now to certain statistics on Great Lakes vessels, and their importance to the iron-ore trade. The best figures developed show that currently, there are 286 cargo vessels flying the American flag in the iron-ore trade. Of these, 160 are more than 45 years old, and these ancient vessels account for more than one-half of the entire yearly movement of iron ore on the lakes. This fleet is obviously drawing near the end of its useful life. The replacement of these carriers will lag until the most efficient designs can be utilized by the shipowners, and that will only be after passage of legislation enabling the improvement of the connecting channels. Since vessels must soon be built to replace the rapidly aging fleet now in operation, and since they should be able to utilize the most modern and efficient design, their future rests with the fate of these bills for improvement of the connecting channels. It is not sensible to replace the outdated vessels with more of the same type, but even that will soon have to be done if the channels are not deepened enough to permit the larger carriers to navigate them. I have dwelt on the iron-ore carriers in particular, but the problem of an aging fleet is just as critical to those engaged in the movement of other cargoes. Even at the present time, many vessels now in use cannot navigate the entire length of the lakes. There are 247 cargo vessels with maximum drafts of more than 21 feet now, sailing under American registry, and 44 now operating which require a draft of 24 feet or more, although 21 feet is the controlling depth upbound for the connecting channels.

As you know, it has long been the policy of the Federal Government to keep abreast of technological changes and improvements for channels, harbors, and rivers. In several bills now before this committee, routine improvements for several of these are recommended. The deepening and improving of the connecting channels can also be considered in this light, over and above the pressing need which I have mentioned earlier. The routine need for improvement of the connecting channels has been met before by the Congress, and modern change now requires that the channels be considered favorably again.

And so, I urge the approval of this legislation to insure that there will be no slackening of the passage of iron ore down the Great Lakes in these times of national uncertainty; to insure the best utilization of new construction of lake vessels; to insure the continuation of low-cost tonnage; and to preserve and strengthen the economy of the great Midwest, in its role of heartland for the Nation.

I have confidence in the judgment of your subcommittee and in your full committee.

So far as I am concerned, the key issue before us is really not, "will we approve the channels," but "when" will Congress approve the deepened channels? Will we, as we should, approve them this year, prior to recess of the first session of the 84th Congress, or will we tarry unnecessarily until next year?

I can appreciate the pressure of other legislation before the Senate and House Public Works Committees, as well as the problem of scheduling this particular bill on the Senate and House floors. But I am firmly convinced that ample time remains for action this year, and I do indeed hope that you and your able associates will be of like opinion.

I am grateful for the opportunity of presenting these views in this form, and I leave the case with you for your fine judgment.

Sincerely yours,

ALEXANDER WILEY.

#### DEFENSE PRODUCTION ACT AMENDMENTS OF 1955

The ACTING PRESIDENT pro tempore. Is there further morning business? If not, morning business is closed, and the Chair lays before the Senate the unfinished business, which is Senate bill 2391.

The Senate resumed the consideration of the bill (S. 2391) to amend the Defense Production Act of 1950, as amended.

Mr. CLEMENTS. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The Secretary will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. CLEMENTS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. CLEMENTS. Mr. President, the Senator from Arkansas [Mr. FULBRIGHT], acting chairman of the Committee on Foreign Relations, has a privileged matter to present.

#### MUTUAL SECURITY ACT AMENDMENTS OF 1955—CONFERENCE REPORT

Mr. FULBRIGHT. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2090) to amend the Mutual Security Act of 1954, and for other purposes. I ask unanimous consent for the present consideration of the report.

The ACTING PRESIDENT pro tempore. The report will be read for the information of the Senate.

The legislative clerk read the report.

(For conference report, see House proceedings of July 6, 1955, pp. 8604, 8605, CONGRESSIONAL RECORD.)

The ACTING PRESIDENT pro tempore. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. FULBRIGHT. Mr. President, there were relatively few differences between the Senate and House versions of this bill, and those differences were compromised without great difficulty.

The total appropriations authorized by the bill as agreed to in conference amount to \$3,285,800,000. This is the same as passed by the House and \$139,200,000 less than passed by the Senate. As compared to the bill which passed the Senate, the conference report authorizes \$145 million less for military assistance, \$22 million more for European defense support, \$12.5 million less for the Intergovernmental Committee for European Migration, and \$3.7 million less for NATO civilian expenses. These last two items were eliminated because there is a continuing authorization for them in existing law and not because the conferees in any way disapproved of the proposed expenditures.

For European defense support, the Senate had authorized \$70 million, of which \$28 million was proposed for Spain. The House increased the total to \$92 million and wrote in a requirement that not less than \$50 million should be used for Spain. The conference report retains the House figure but strikes out the House language. Although the conferees intend that the additional money shall be used for Spain, the Senate conferees successfully insisted that individual countries should not be singled out in legislation of this type.

For the same reason, the conferees struck out the House proviso requiring that Greece receive at least as much in fiscal 1956 as in 1955. Again, however, the conferees intend that assistance to Greece shall not be reduced, and that the President shall use his special fund to maintain the Greek program at the same level.

There are only a few other differences which should be mentioned:

First. The House at three points in the bill wrote in a statement that assistance should "emphasize loans rather than grants wherever possible." To this the Senate conferees agreed. Personally, I strongly endorse this principle, and I hope the administration will do everything possible to follow that suggestion. I recommend loans or acceptance of local currencies, as under Public Law 480.

Second. The House agreed to the Senate provision earmarking \$300 million to be used during fiscal 1956 to finance the export of surplus agricultural commodities. This is approximately \$80 million to \$100 million more than would have been required under the House bill.

Third. The Senate agreed to a House amendment changing the ceiling on United States contributions to the World Health Organization from \$3 million to 33 1/3 percent of the total assessments of the active members of the Organization, effective in 1958.



Fourth. The House receded from its amendment providing for a Joint Commission on Rural Development in the Philippines.

Fifth. The Senate agreed to House amendments expressing the sense of Congress in favor of self-government or independence and against the seating of Communist China in the United Nations.

Mr. President, I think this conference was very successful from the point of view of the Senate, and I strongly recommend approval of the conference report.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield to the distinguished Senator from California.

Mr. KNOWLAND. My attention was distracted as the Senator was concluding his statement. Do I correctly understand that the conferees agreed to the House language, to the effect that it was the sense of Congress that Communist China should not be admitted into the United Nations?

Mr. FULBRIGHT. The Senator understands correctly. The Senate conferees accepted that language without any change.

Mr. KNOWLAND. I am glad the Senate conferees accepted that language, which confirms not only the House action but the unanimous Senate action of last year in this regard. I think it is particularly important, because of the rather unfortunate press conference which the Premier of Burma held in New York yesterday, wherein he indicated that, in discussions in Washington or elsewhere, he gained the impression that there was no opposition to the seating of Red China in the United Nations. He indicated that he had received that impression from Government officials in Washington. I have made some rather extensive inquiries, and I can find no one who has any idea as to where or from whom he received that impression. I can find no one who has any idea as to how he received such an impression from anyone officially connected with the Government of the United States.

Mr. CHAVEZ. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I am glad to yield to the distinguished Senator from New Mexico.

Mr. CHAVEZ. I should like to get clearly in my mind exactly what was done by the conferees with reference to Spain and Greece.

Mr. FULBRIGHT. The conferees on the part of the Senate, including myself, felt very strongly that it would be bad legislative practice to single out individual items and say, "This appropriation must be for this purpose, and that appropriation for that purpose." We had that trouble in the past, and we have gotten away from it. We specifically and unanimously agreed that the report should indicate, in strong language, that we were in favor of the use of the same amount—that is \$50 million—for Spain.

Mr. CHAVEZ. Without designating individual countries?

Mr. FULBRIGHT. Without the designation being in the bill itself.

Mr. CHAVEZ. I think that is sound policy. As I understand, the general purposes of the program will still be carried on.

Mr. FULBRIGHT. That is correct. On this subject let me read from the statement of the managers of the conference on the part of the House:

The conferees accepted the House figure of \$92 million, an increase of \$22 million over the Senate figure of \$70 million, and deleted the language earmarking \$50 million for Spain. The committee of conference, however, expresses its unanimous view that at least \$50 million of the total amount should, after satisfactory negotiation and agreement, be used for assistance to Spain.

Mr. CHAVEZ. I thank the Senator.

Mr. CARLSON. Mr. President, will the Senator from Arkansas yield?

Mr. FULBRIGHT. I yield.

Mr. CARLSON. Do I correctly understand that the conference reached an agreement on a reduced amount of money for the disposition of surplus agricultural commodities?

Mr. FULBRIGHT. No. The Senator misunderstands. At the urging of the Senate conferees, that amount was increased to a minimum of \$300 million.

Mr. CARLSON. I misunderstood the Senator.

Mr. FULBRIGHT. As I have previously stated, this is approximately from \$80 million to \$100 million more than would have been provided by the bill as passed by the House.

Mr. CARLSON. I wish to commend the conferees. I think it is very important that surplus agricultural commodities which we have available be disposed of to other countries which need them.

Mr. FULBRIGHT. I appreciate very much the statement of the distinguished Senator from Kansas. The Senator from Arkansas was very much interested in that particular item, and did what he could to persuade the House conferees to accept that figure.

Mr. MANSFIELD. Mr. President, I rise to discuss briefly a most disturbing situation which has come to light during congressional consideration of the Mutual Security Act of 1955. The Department of Defense supplied estimates to the Congress which were at one point more than \$800 million in error. Whether that error resulted from gross negligence or from a calculated attempt to mislead the committee, I am not prepared to state. The discrepancies in estimates were so great, however, that they should serve as a warning to every Member of this body that henceforth figures and estimates supplied by the executive branch must be reviewed with the utmost care.

I should like to give a chronological account of the facts and let them speak for themselves.

First. April 20, 1955: On that date the President asked the Congress to authorize a mutual-security program of \$3.4 billion. At that time the Committee on Foreign Relations was informed that the Department of Defense estimated that military assistance funds which the Executive would not be able to obligate or reserve—and the terms are interchangeable—in accordance with provi-

sions of law would total \$100 million on June 30, 1955.

Second. May 1955: During consideration of the mutual-security legislation, the Committee on Foreign Relations noted that the Executive did not ask for simple authority to carryover this \$100 million amount, but asked instead for broad language which would have permitted the carryover of any amounts not obligated or reserved by the end of the fiscal year.

Third. May 26, 1955: During consideration of the bill in the committee, I offered an amendment which instead of leaving the Executive with blank-check, carryover authority, provided that unobligated and unreserved funds in excess of \$150 million should lapse into the Treasury. During discussion of that amendment, the minority leader, the Senator from California [Mr. KNOWLAND], asked representatives of the Department of Defense whether the limitation of carryover funds to \$150 million would be adequate. They indicated that they had no objections to my amendment provided the carryover amount could be fixed at \$200 million. I accepted that amount as an amendment, and it was written into the bill.

Fourth. June 2, 1955: During Senate floor debate the usual criticism was leveled at the Mutual Security Act to the effect that vast unexpended, unobligated, or unreserved funds would be carried over into the new fiscal year. The distinguished chairman of the committee, the Senator from Georgia [Mr. GEORGE] was asked why the \$200 million limitation was placed in the bill. The Senator from Georgia replied:

It was placed in the bill because the testimony was undisputed and it was unquestioned that every dollar of this money had been allocated under the statutory definition made by the Appropriations Committee of the Senate, which was binding upon that committee. It was stated there was remaining only \$100 million. It was first proposed that only \$100 million of the unexpended balances should be carried over. It is true we did reappropriate the unexpended balances, but in accordance with the testimony, and we limited the carryover to \$200 million.

So do not worry about the unexpended balances or the unallocated balances. That is all there is to the question. More than \$200 million cannot be carried over. There is no way for more than that amount to be carried over. (RECORD, June 2, 1955, p. 6463.)

This statement emphasizes the good faith with which the chairman and the other members of the committee accepted the estimates of the executive branch.

The Senate passed the bill.

Fifth. June 13, 1955: According to the report of the Committee on Foreign Affairs of the House of Representatives, information was received on June 13 that the estimated unobligated balances would exceed the \$200 million limit fixed by the Senate amendment. I understand that a plea was then made to the House committee to restore the original language—the language permitting a blank-check carryover. That change was successfully resisted by the House committee.

Sixth. June 21, 1955: On that date, according to the House committee re-



port, it received a memorandum from the executive branch stating that the unobligated carryover of military funds would be "some \$600 million."

Seventh. June 28, 1955: On this date, the distinguished chairman of the Committee on Foreign Affairs of the House of Representatives stated, in presenting the Mutual Security Act to the House, that "on June 21, we received word that the estimated unobligated balance on June 30 would be \$670 million"—RECORD, June 28, page 8034.

Eighth. June 30, 1955, the last day of the fiscal year. This was a memorable day with respect to the unobligated balances of the Department of Defense.

Mr. PASSMAN of the House Appropriations Committee announced on the floor of the House that "they—the Department of Defense—called yesterday and said it—the unobligated balance estimate—had gone up to \$932 million"—RECORD, June 30, page 8245.

The same day, Mr. VORYS announced on the floor that he had "been informed that the amount of unobligated funds is not \$600-some-odd millions, but has been reduced to about \$200 million."

At this point I addressed a letter to the Secretary of Defense asking him for a report on this situation. I ask unanimous consent that my letter of June 30 be printed in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

JUNE 30, 1955.

The Honorable CHARLES E. WILSON,  
Secretary of Defense,  
Washington, D. C.

DEAR MR. SECRETARY: During consideration of the Mutual Security Act of 1955 by the Senate Committee on Foreign Relations, it received information from the Department of Defense that the "estimated unobligated and unreserved balance" of mutual-security funds as of June 30, 1955, would be \$100 million. The Department asked, however, for a blanket authorization to carry over any funds that might have been unobligated or unreserved on that date.

On the basis of the \$100 million estimate, I offered an amendment to the bill which provided that unexpended balances in excess of \$200 million, not reserved or obligated by June 30, should not be continued available after that date. The figure was raised to \$200 million on the chance that Defense Department estimates might have been optimistic.

I now understand on the basis of information obtained from House debate on the bill that about the middle of June the Department of Defense stated that the unobligated and unreserved balance would not be \$100 million, as estimated to the Senate Foreign Relations Committee, but would exceed \$200 million. I understand further that on June 21, the House Committee on Foreign Affairs was informed that the estimated unobligated balance on June 30 would be \$670 million.

Could you tell me if this is an accurate picture of the situation and, if so, why the estimates received by the Senate Foreign Relations Committee in April were in error by \$570 million?

I have noted, in the statement of Congressman RICHARDS on page 8034 of the CONGRESSIONAL RECORD of June 28, 1955, that he said the "rules governing the process of obligation of funds were changed this year by the appropriations legislation" and this change has "interfered with operations in the

Pentagon." According to my recollection, however, the obligating procedures were changed during the last Congress and those changed procedures should have been known to the Department of Defense when it submitted its original \$100 million estimate.

I should like to have a reply to this letter by July 6 at the latest since the Mutual Security Act will be in conference between the two Houses at that time.

Sincerely yours,

MIKE MANSFIELD.

Mr. MANSFIELD. Mr. President, I had hoped that the reply of the Department of Defense would have been received by this time so that it could also appear in the RECORD at this point, but, unfortunately, up to 11:30 this morning I had received no answer. My letter was delivered by hand on last Friday.

Ninth. July 1, 1955: On this date, at my request, a member of the staff of the Senate Committee on Foreign Relations spoke with Mr. Markley Shaw, Office of International Security Affairs Comptroller, Department of Defense. Information was received that during the last 24 hours of the month of June, \$575 million had been reserved or obligated and that during the total month of June, \$983 million—nearly \$1 billion—had been obligated or reserved.

Mr. President, that is the record. Between April 20 and June 30, the Department of Defense gave various committees and Members of Congress estimates of the unobligated carryover of military assistance funds running from \$100 million to \$932 million. Then, during the last 24 hours of the fiscal year, the executive branch managed to go through the motions of reserving more than half a billion dollars.

I suppose it will be argued that my amendment limiting the unobligated carryover to \$200 million had the effect of forcing the Department of Defense to commit its funds recklessly. If the amendment had that effect, it was because the Department of Defense either did not give the Congress reliable figures in the first place, or because the Department sought to mislead the Congress. Certainly no objections were heard from the Department's representatives when my amendment was offered in the committee. They were there.

My amendment was not designed as an invitation to reckless last-minute obligation of funds. It was not an invitation to financial gyrations which, as I think the record will show, thoroughly confused congressional consideration of a most important matter. The amendment was designed to keep mutual defense funds within reasonable limits so far as planning is concerned. It was designed to keep the authorization funds to those amounts which the Department of Defense can reasonably expect to obligate within 1 year. It was designed to permit excess funds to revert to the Treasury so that the budget might be balanced, rather than to keep it unbalanced by giving the Defense Department a billion dollar "kitty" as a backlog in the event Congress should not appropriate the funds requested.

In concluding my remarks, Mr. President, I want to make three points as forcefully as I can.

First. In a government of separate powers it is essential that the Congress and the Executive deal with each other with a mutuality of confidence. That means Congress must be able to accept proposals of the Executive with assurance that they are backed up by reliable figures and estimates. This Government cannot operate efficiently if Congress must view every Executive estimate with suspicion.

This Congress has been criticized in recent weeks for not acting with sufficient alacrity on the President's program. I do not accept that criticism as valid. I do say that if Congress is confronted by financial manipulations of the kind which have gone on in connection with the unobligated mutual security funds, the interests of the American people require far more careful scrutiny of executive-branch proposals than is possible if we rubberstamp them as is so often suggested.

The second point I want to emphasize, Mr. President, is that despite 24-hour reservations of more than one-half a billion dollars, there is still opportunity for Congress to control these irresponsible actions of the Department of Defense. I hope the Committee on Appropriations will examine these June operations with the utmost care and submit its recommendations accordingly. While I would not intentionally cast any vote which would cripple our mutual-security program, I cannot become a party to loose financial operations in the Department of Defense or anywhere else.

Finally, Mr. President, during the fiscal year just completed, the Department of Defense had available for obligation for military assistance purposes some \$3.3 billion. As I indicated earlier, \$983 million was reserved or obligated during the 1 month of June. In other words, more than one-fourth of the funds available for obligation during 12 months was obligated in 1 month.

I think the operations of the Department of Defense during the month of June in dealing with these unobligated and unreserved mutual-security funds deserve the most careful investigation and scrutiny by the General Accounting Office and the House and Senate Appropriations Committees.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the conference report.

The report was agreed to.

#### STUDY OF ACTIVITIES OF FOOD AND DRUG ADMINISTRATION

Mr. PURTELL. Mr. President, last July, at the request of Mrs. Hobby, Secretary of Health, Education, and Welfare, there was appropriated a fund for the appointment of a representative committee of outstanding citizens to study the activities of the Food and Drug Administration and objectively assess its enforcement and certification policies as to their effectiveness in protecting the consumer. The committee was to make recommendations as to the amount and kind of enforcement of the Food, Drug, and Cosmetic Act and related statutes



which would best serve the interests of this country and its citizens.

The Secretary appointed a committee composed of outstanding and distinguished citizens representing the legal, judicial, pharmaceutical, medical, and scientific fields, as well as consumers and consumer groups and of industries subject to regulation by the Food and Drug Administration.

Mr. President, I ask unanimous consent to have the list of distinguished citizens placed in the RECORD at this point.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

**CITIZENS ADVISORY COMMITTEE ON THE FOOD AND DRUG ADMINISTRATION—APPOINTED BY THE SECRETARY OF THE DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE**

Mr. G. Cullen Thomas, Chairman; vice president, General Mills, Inc.

Mr. Frank W. Abrams, former chairman of the board, Standard Oil Co. of New Jersey.  
Miss Catherine Dennis, president, American Home Economics Association.

Dr. Harry Dowling, professor of medicine, University of Illinois.

Mr. Charles Wesley Dunn, president, the Food Law Institute, Inc.

Mr. Robert A. Hardt, vice president, Hoffmann-La Roche, Inc.

Dr. Leonard A. Maynard, director, school of nutrition, Cornell University.

Mr. Lee W. Minton, president, Glass Bottle Blowers Union, American Federation of Labor.

Mrs. Grace D. Nicholas, executive director, General Federation of Women's Clubs.

Dr. Charles Franklin Poe, dean, College of Pharmacy, University of Colorado.

Mr. Herbert N. Riley, vice president, H. J. Heinz Co.

Mr. Walter F. Silbersack, president, American Home Products Co.

Judge Patrick T. Stone, United States district judge, United States District Court (Wisconsin).

Mr. H. Gregory Thomas, president, Chanel, Inc.

Mr. PURTELL. Mr. President, I have been furnished a copy of the report and recommendations submitted to Mrs. Hobby by the Citizens Advisory Committee on the Food and Drug Administration. It reveals that the Committee, while not completely satisfied with all the policies and activities of the Food and Drug Administration, recognizes that the personnel responsible for the administration of the Food and Drug Administration and its various divisions are able and experienced officials with high devotion to the public service. The report says that the returns on the money appropriated to the Food and Drug Administration are high in terms of the protection of public health and other consumer interests, with due regard to the legitimate interests of the industries concerned. It also recognizes that the Food and Drug Administration has efficiently fulfilled its obligations to the fullest extent possible, although seriously handicapped by budgetary deficiencies. The Committee has made concrete recommendations to the Secretary of Health, Education, and Welfare, which are highlighted by:

First. Increased appropriations to support an expansion in personnel and facilities between three- and four-fold within 5 to 10 years.

In the first year the Committee recommends a budget increase of from 10 to 20 percent over that for 1956 which will be needed for the Food and Drug Administration to initiate the 5 to 10 year expanded program on a constructive basis.

Second. The Food and Drug Administration can do an effective job only if it enlarges and improves its educational and informational programs.

Third. The Committee believes that the Food and Drug Administration should not resort to legal actions unnecessarily, but once legal action has been instituted, it should be prosecuted vigorously.

Fourth. The report recommends that the Food and Drug Administration headquarters staff be strengthened as well as its field and scientific personnel and there should be better programs and planning and better internal management.

Fifth. Through a separate appropriation, the Food and Drug Administration should be provided with a modern building to permit consolidation of its headquarters operations.

The report reveals that the Food and Drug Administration does carry on a considerably greater amount of educational and industry cooperative work than has heretofore been fully appreciated or recognized. The committee commends this and makes rather specific recommendations for its organization and expansion. It says that the purpose of the Food and Drug Administration's educational and informational programs should be to develop a better understanding of the objectives and requirements of the food and drug laws through a dissemination of better and more positive information to industry, certain professions, and the public. The report states that an informed industry or trade association will encourage self-compliance on the part of its members and an informed public will be a better protected one and will make food and drug dollars go farther.

I wish to commend the committee members for a thoroughly objective and statesman-like job, and especially do I commend the Secretary for her great vision in instigating this investigation.

**THE ILLNESS OF SENATOR JOHNSON OF TEXAS**

Mr. FREAR. Mr. President, I ask unanimous consent to have printed in the RECORD an editorial published in the Journal-Every Evening of Wilmington, Del., on Tuesday, July 5. The editorial bespeaks the interest of my State in the welfare of our majority leader, the senior Senator from Texas [Mr. JOHNSON].

Like countless other expressions of good will which have come from all parts of the Nation, the editorial from the Journal-Every Evening not only recognizes the distinguished qualities of leadership evinced by Senator JOHNSON, but also expresses the hope that his recovery will be a speedy one, and that we can look forward to the pleasure of welcoming his return to the Senate in January.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

**MAY HIS RECOVERY BE SPEEDY**

The heart attack which felled Senator LYNDON B. JOHNSON, of Texas, over the Fourth of July weekend and threatens to keep him out of action for an indefinite period is a heavy blow not only to the Democratic Party but to the Nation as a whole. As majority floor leader, Senator JOHNSON has displayed not only remarkable qualities of leadership but a high sense of responsibility for the welfare of the country. Against the advice of the more violently partisan members of his own party, he has hewed consistently to the line that sound statesmanship is the best kind of politics and that the Democrats stand to gain more by cooperating with President Eisenhower, where his policies are acceptable to them, than by opposing and frustrating him at every turn.

As a result of this leadership Mr. Eisenhower has had remarkable success in getting his legislation through a Congress, particularly in the field of foreign affairs, even though the Democrats have a majority in both houses. Despite the differences between the two and their fairly frequent clashes, Senator JOHNSON, in his role as leader of a constructive opposition, has been one of the President's most effective aids. If one of the Texan's major motives has been political—to strengthen the Democratic position for the presidential campaign ahead—there is no doubt that the country has benefited from his type of leadership.

His political opponents as well as his friends join today in hoping that Senator JOHNSON recovers speedily. Fortunately, his work for the current session is largely done. But it will be a serious loss to his party and his country if he is not able to resume his active leadership again when Congress reconvenes next year.

**FIFTIETH ANNIVERSARY OF THE DELAWARE CHAPTER, AMERICAN RED CROSS**

Mr. FREAR. Mr. President, recently the Delaware chapter, American Red Cross, observed its 50th anniversary with appropriate ceremonies. On the occasion of this milestone, the executive director of the Delaware chapter, Mrs. Ethel Jean Myers, prepared a brief background statement of Red Cross policies both national and within the State of Delaware. I am happy to commend this brief article to the attention of the Members of the Senate, and I ask unanimous consent that it be printed in its entirety at this point in my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

**FROM THE EXECUTIVE DIRECTOR**

The names of Florence Nightingale, Henri Dunant, and Clara Barton would seem to have little connection with our report this year, and yet, what they thought, and did have a very real meaning for those of us who work under the symbol of the Red Cross here in Delaware. Florence Nightingale—who fought for decent nursing care for those brought down in battle; Clara Barton—who fought to bring aid to soldiers and their families; Henri Dunant—who visualized a society that would fight for the relief of battle-wounded fighting men—a society of volunteers. All of these had their part in the birth of the Red Cross in Delaware—they set the sights, we sail the course.

On January 5, 1905, President Theodore Roosevelt signed the bill creating a new organization for the American Red Cross, and on May 15, 1905, he signed the charter that would bring into being the Delaware State Branch of the American Red Cross.

The first meeting of that new Red Cross society was held in Wilmington, Del., on



State of the Union for the consideration of the bill (H. R. 3253) to amend section 6 of Public Law 874, 81st Congress, so as to provide for the continued operation of certain schools on Marine Corps installations.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 3253, with Mr. MADDEN in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from North Carolina [Mr. BARDEN] is recognized for 30 minutes, and the gentleman from Pennsylvania [Mr. McCONNELL] will be recognized for 30 minutes.

The Chair recognizes the gentleman from North Carolina [Mr. BARDEN].

Mr. BARDEN. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, this bill came about as a result of action taken by the United States Commissioner of Education in connection with a school located on Quantico Marine Base, Quantico, Va. That school has been in operation for several years. When Public Law 874 was passed, it provided for the operation of such schools. Among other things, it gave authority to the United States Commissioner of Education, where suitable educational facilities were found and it was suitable for the operation of the school, to close the schools on the base, and let them be absorbed by the local county or State school setup.

Last year it was under consideration by the Commissioner, and at that time I conferred with the Commissioner and urged that he not discontinue the operation of that school. He postponed action. This year he came up with the order discontinuing the school.

The committee regarded it as a rather serious matter, especially to the Marine Corps base at Quantico; so after it was brought to the committee's attention we called for hearings and had a very thorough hearing on the matter.

The committee decided that the circumstances did not warrant the closing of the school and the moving of 134 pupils out into the State of Virginia to a school that certainly at most could not be expected to absorb them for more than 1 year. That was admitted.

There are several hundred housing units being constructed near the school which the Commissioner expected to take care of the Quantico students. The committee was under the impression that the children from these units would more than fill the school, and the Commissioner could not give us any assurance that there would be any provision for these students next year.

The Marine Corps Base School at Quantico is a well-operated school. It is geared to the needs of the children of military personnel. By the way, their children are sometimes entered in 2 or 3 schools during the course of a year. It is necessary to have teachers who are familiar with that kind of procedure and familiar with the kind of problems that

necessarily result from moving these Marine families all over the world.

Without going into all the details involved, let me say that we conferred with Marine Corps officials. They came before the committee and gave us detailed information on the matter. They opposed the closing of the school. The committee felt that there simply was no reason for closing the schools.

There were some little differences of opinion with 2 or 3 members, I believe, over the manner in which we dealt with the situation, but we felt that the only way we could prevent the closing of the school was by putting a provision in the law requiring that before closing one of these schools, the Secretary of the branch of defense involved, together with the Commissioner, determine whether there were suitable school facilities available to the base.

Some point was made as to the military's interference or connection with the school program; but, of course, we all know that the Secretary of the Army, the Secretary of Defense, the Secretary of the Navy, the Secretary of Air all are civilians, and a school is certainly closely related to the operation of any military base.

I might say also, Mr. Chairman, that the law under which this school setup is provided expires next year, and the committee just simply could not see any good, sensible reason for closing up that school and scattering those pupils out into territory that could not take care of them for more than a year. A transportation problem was involved, as well as many other problems; so the committee very promptly reported this bill out and I do not believe there is any controversy involved over the merits or necessity for this action so far as either the committee or the House is concerned. I hope the bill will be passed.

Mr. McCONNELL. Mr. Chairman, I yield 10 minutes to the gentleman from California [Mr. HOLT], the author of the bill.

Mr. HOLT. Mr. Chairman, I will not take much time of the House because I believe our distinguished chairman, the gentleman from North Carolina [Mr. BARDEN], covered most of the important points.

There are really only 3 schools involved, 1 at Fort Knox, Ky., 1 at the Marine Corps Base at Camp Lejeune, N. C., and 1 at the Marine Corps Base at Quantico, Va. To close these schools would create a terrible hardship on the children, especially at the Marine Corps Base at Quantico, for they would have to go to 4 different schools in 2 counties. Quantico is really the Annapolis and the West Point of the Marine Corps, and these schools are very important to the welfare of the children on the base. To close these schools would be to cut out some of the fringe benefits we are offering to attract men to stay in the military service.

Under this bill the Commissioner could not arbitrarily close down any school. The matter must be considered and agreed to jointly by both the civilian secretary of the Military Department and the Commissioner and also they must

consult with the appropriate State educational authorities before closing down one of these schools.

As the gentleman from North Carolina said, there is no controversy on this bill.

(Mr. HOLT asked and was given permission to revise and extend his remarks.)

Mr. McCONNELL. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, may I say that I very strongly support this bill, H. R. 3253. It is necessary, in my opinion, to take care of several special situations which we did not quite envision when we passed Public Law 874 that has to do with education in those districts adversely affected by the impact of Federal activities.

I want to express myself, therefore, as being strongly in accord with the passage of this bill.

The CHAIRMAN. If there are no further requests for time, the Clerk will read the committee amendment printed in the bill as the original bill for the purpose of amendment.

The Clerk read as follows:

That section 6 (a) of the act of September 30, 1950 (Public Law 874, 81st Cong.), as amended, is amended by adding at the end thereof the following new sentence: "In any case where education is being provided under an arrangement made under this subsection for children residing on an Army, Navy (including the Marine Corps), or Air Force installation, it shall be presumed, for the purposes of this subsection, that no local educational agency is able to provide suitable free public education for the children residing on such installation, until the Commissioner and the Secretary of the Military department concerned jointly determine, after consultation with the appropriate State educational agency, that a local educational agency is able to do so."

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker pro tempore [Mr. McCormack] having resumed the chair, Mr. MADDEN, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 3253) to amend section 6 of Public Law 874, 81st Congress, so as to provide for the continued operation of certain schools on Marine Corps installations, pursuant to House resolution 281, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER pro tempore. Under the rule the previous question is ordered.

The question is on the committee amendment.

The committee amendment was agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time and was read the third time.



The SPEAKER pro tempore. The question is on the passage of the bill.

The bill was passed.

The title was amended so as to read: "A bill to amend section 6 of Public Law 874, 81st Congress, so as to provide for the continued operation of certain schools on military installations."

A motion to reconsider was laid on the table.

#### COMMITTEE ON RULES

Mr. SMITH of Virginia. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tomorrow night to file privileged reports.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Virginia?

There was no objection.

#### MUTUAL SECURITY ACT OF 1955

Mr. RICHARDS. Mr. Speaker, I call up the conference report on the bill (S. 2090) to amend the Mutual Security Act of 1954, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

Mr. GROSS. Mr. Speaker, reserving the right to object, may I assume that the gentleman will give us an explanation and submit to a few questions with respect to the conference report and that this thing will not be rushed through?

Mr. RICHARDS. I will say to the gentleman I will be glad to submit to any questions he would like to ask.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of July 6, 1955.)

Mr. RICHARDS. Mr. Speaker, I yield myself 5 minutes.

Mr. Speaker, your conferees think that we have brought back a good report. I believe there were 48 differences between the House bill and the Senate bill, and the Senate receded on 43 of them. Some of them were very minor and technical. The House receded on 2 and we had to give and take and get together on 3.

Mr. Speaker, the conference report carries the same cut that was made in the authorization request by the House. The Senate receded and concurred in the amendment that provided a cut of \$145 million for military services. I believe the only other points of contention were the provision in regard to Spain and the provision in regard to Greece. The House receded on the provision in regard to Spain and also Greece, but the funds for defense support for Europe were not cut. The report said that it was the understanding of all the conferees that the addition made by the House to the defense-support funds for Europe would be used in Spain.

Mr. HAYS of Ohio. Mr. Speaker, will the gentleman yield?

Mr. RICHARDS. I yield to the gentleman from Ohio.

Mr. HAYS of Ohio. In the report the language seems satisfactory. It makes the position of the conferees clear. But the amount of money involved in the fiscal year 1955 which the report says shall not be less than that amount for 1956, was \$26.2 million; is that correct?

Mr. RICHARDS. For Greece it was \$26.2 million. It was provided in the report that it was the understanding of the conferees that the sum for Greece in fiscal 1956 could not be less than that.

Mr. HAYS of Ohio. That is my understanding; it cannot be less than \$26.2 million.

Mr. RICHARDS. It is the opinion of the conferees that it should not be less; dependent, of course, on negotiations and agreements.

Mr. HAYS of Ohio. Of course, it is pretty plain that it was the opinion of the conferees that it should not be less than \$50 million subject to the same conditions, as Spain.

Mr. RICHARDS. That is right. The amount originally programmed for Spain was \$28 million. The effect of the House amendment would add \$22 million, making \$50 million. The total amount of dollars authorized for defense support for Europe in the House bill was left intact, and it was stated in the report that the addition was to make it \$50 million for Spain.

Mr. JUDD. Mr. Speaker, will the gentleman yield?

Mr. RICHARDS. I yield to the gentleman from Minnesota.

Mr. JUDD. Should not the RECORD at this point show that the conferees, in discussing the funds for Greece, felt that the President should provide whatever is necessary to make the amount for the coming fiscal year equal that for the past fiscal year, by taking it out of his contingent fund?

Mr. RICHARDS. That is right.

Mr. ADAIR. Mr. Speaker, will the gentleman yield?

Mr. RICHARDS. I yield to the gentleman from Indiana.

Mr. ADAIR. Mr. Speaker, I should like to ask the chairman, if I may, if the dollar limitations set in the conference report are about those that were in the bill passed by the House?

Mr. RICHARDS. That is right.

Mr. ADAIR. Are they exactly the same—the dollar limitations?

Mr. RICHARDS. Exactly.

Mr. ADAIR. I thank the gentleman.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. RICHARDS. I yield to the gentleman from Iowa.

Mr. GROSS. Did the gentleman say that this report represents the same dollar amount it had when it left the House of Representatives?

Mr. RICHARDS. That is right; \$3,285,800,000.

Mr. GROSS. It was not increased by virtue of the conference?

Mr. RICHARDS. No; it was not increased. The Senate accepted our cuts.

Mr. GROSS. If the gentleman will yield further, I find some language here that is very interesting, language in the report:

The conferees were shocked at the wholesale "reservations" reported to have been made in the Defense Department during the last few days of the fiscal year in order to "save" their appropriations from "losses" under section 1311.

The conference committee was shocked by revelations of what had been going on in the last few days of the fiscal year and yet the conferees did not cut this bill in view of that fact, or make any alterations moneywise to this bill?

Mr. RICHARDS. Our state of shock was caused not by anything in this particular authorization. This authorization is sound and can stand on its own legs. But the conference was shocked by the estimates, the varying estimates that were brought to us in regard to obligated and unobligated balances.

Mr. GROSS. Is it not a fact that the gentleman was shocked by the fact that it was evident that they could not spend this money and they were reserving it and were going through, as the report says, various gyrations to lay claim upon this money that they could not possibly spend? And yet under those circumstances the conferees proceeded to vote the full amount.

Mr. RICHARDS. My friend should not put words in my mouth as to why we were shocked.

These words in the conference report stand for themselves. That is the unanimous opinion of the conferees. We thought we should give expression to our thoughts on this subject when this conference report was brought back here.

Mr. VORYS. Mr. Speaker, will the gentleman yield?

Mr. RICHARDS. I yield to the gentleman from Ohio.

Mr. VORYS. On the question of who was shocked by what during the conference, I think the report makes it clear that the conferees were criticizing the bookkeeping on the program, not the mutual-security program itself. We are all supporting the program, and want it to succeed. But on the question of the power of the conferees to change amounts, is it not the fact that the amounts in conference were merely the differences between the two Houses? In each instance the conference accepted the lower figure, the figure that was proposed by the House. The conferees were without power to cut this any further. The conferees were quite aware of the fact that this bill does not appropriate a dime. It is merely an authorization bill for future appropriations with some limitations in it. We were also aware that the Committee on Appropriations will have a bill based on these authorizations on the floor, I understand, early next week.

Mr. RICHARDS. That is correct. The language in the conference report is clear. The conferees of both the Senate and the House stand behind it.

Mr. GROSS. If the gentleman will yield further, the committee of conference did have a responsibility and could have come in with a bill in which there was a reduction, and it would have been



up to the House to accept or reject that conference report, would it not? There is nothing to prevent the committee from coming in with a substantial reduction.

Mr. RICHARDS. The conferees are limited to the amounts in conference. We expressed our opinion as to what improvements could be made in the administration of this act before next year. I think we have brought back about 95 or 96 percent of what the House passed.

Mr. O'KONSKI. Mr. Speaker, will the gentleman yield?

Mr. RICHARDS. I yield to the gentleman from Wisconsin.

Mr. O'KONSKI. In the closing minutes of the debate on the Tito amendment there was no longer any time for reply at the time the minority leader and the majority leader answered my arguments, and the gentleman from South Carolina interrupted to bring out the fact that there was only \$42 million in this bill for Tito and Yugoslavia. I think I asked the chairman of the Committee on Foreign Affairs this question: Is \$42 million the total actual amount in this entire bill for Yugoslavia?

Mr. RICHARDS. No, the impression I tried to give was that the sum you mention was the only amount specifically programed for Yugoslavia. There will doubtless be military funds in addition. The military funds involve restricted and secret information. I am sorry I gave the wrong impression.

Mr. O'KONSKI. The \$42 million to Yugoslavia pertains only to economic aid?

Mr. RICHARDS. That is right.

Mr. O'KONSKI. But there are also in the military-aid provision of the bill additional funds for Yugoslavia?

Mr. RICHARDS. No. There are additional funds that could be used for Yugoslavia; they will not necessarily be so used, but they could be.

Mr. O'KONSKI. I made the statement in support of the amendment that there is a possibility that out of this over \$3 billion bill in economic aid and military assistance as high as \$300 million of this money combined may go to Yugoslavia.

Mr. RICHARDS. I am sure the gentleman was perfectly honest in what he stated the other day. That amount may be possible, but not at all probable. I think his estimate is too large.

Mr. O'KONSKI. The reason I rise to cure that point is that many Members of the House were under the impression that the total amount earmarked for Yugoslavia under this bill is \$42 million. That is not the case at all. That relates only to economic assistance. It does not pertain at all to military assistance because there is practically no limit on the amount he might get in that respect.

Mr. RICHARDS. There is wide discretion in the President's hands. Of course, it all depends on the military agreements and programs which are revised from time to time.

The gentleman may be within the range of possibilities, but I think he is far afield as to the probabilities.

Mr. FULTON. We should not forget the carryover provisions.

Mr. O'KONSKI. I would like to ask just one other question. Forty-two million dollars originally in the bill, as it passed the House, was supposed to go to Yugoslavia. Fifty million dollars is earmarked for Spain. Now, you include as a result of the compromise with the other body after the conference and the report contains the suggestion that it is the unanimous opinion of the conferees that \$50 million of this money go to Spain. But, is there any restriction or is there any requirement that the authorities actually do so? In other words, have you not opened the door where Tito might get more than \$42 million out of this bill now with the way the conference report reads?

Mr. RICHARDS. I do not think so.

Mrs. KELLY of New York. Mr. Speaker, will the gentleman yield?

Mr. RICHARDS. I yield.

Mrs. KELLY of New York. In answer to the question raised by the gentleman from Wisconsin, \$40 million in this bill is new money earmarked for Yugoslavia. We must remember that there is a great carryover of about \$8 billion, or \$7.7 billion. Of that amount, there is about \$5 billion planned and programed for Europe under goods or materiel from previous appropriations. In that carryover, there is an amount for goods for Yugoslavia. I am not sure of the amount, but I think the gentleman from Wisconsin is correct in his estimate of it.

Mr. HAYS of Ohio. Mr. Speaker, will the gentleman yield?

Mr. RICHARDS. I yield.

Mr. HAYS of Ohio. I do not think the point raised by the gentleman from Iowa should go completely unchallenged. I think the gentleman knows that in accordance with the rules of the House, there is no way that the committee of conference could offer new amendments to this legislation. Under the rules, the conference committee can only consider matters which are in disagreement between the two Houses, and when the gentleman makes the point that the conference did not cut this any more, I want to bring out the point that I do not believe there is any way that they could cut it because if they did, their action would be subject to a point of order.

Mr. SPRINGER. Mr. Speaker, will the gentleman yield?

Mr. RICHARDS. I yield.

Mr. SPRINGER. I would like to ask the gentleman this question. There are \$28 million for Spain. That has been raised to \$50 million. So there is now \$42 million more in the conference report than before; is that not correct?

Mr. RICHARDS. I do not know whether I understood the gentleman's question, but \$50 million is no longer earmarked in the bill for Spain. The conference made no increase in the funds available above the amount in the bill that passed the House.

There is, however, an understanding on the part of the conferees that if satisfactory agreements can be made, that \$50 million will be used for Spain.

Mr. SPRINGER. Is that the economic aid?

Mr. RICHARDS. That is for defense support—yes, economic aid.

Mr. SPRINGER. I am glad to hear that, because last year when the House Committee on Interstate and Foreign Commerce was in Spain, we talked to the Minister of Commerce, and we were surprised at the economic deficiencies in the economy of Spain, which it was so necessary to correct in order to enable them to provide necessary support for their own defense.

Mr. RICHARDS. I thank the gentleman very much.

Mr. HALEY. Mr. Speaker, will the gentleman yield?

Mr. RICHARDS. I yield.

Mr. HALEY. I would just like to inquire of the gentleman if the conferees were probably not shocked also when they found that one-half billion dollars of this money had been obligated on the last day, and which had been included in the bill last year.

Mr. RICHARDS. That was a subject over which the conferees had no jurisdiction in this meeting.

Mr. ZABLOCKI. Mr. Speaker, will the gentleman yield?

Mr. RICHARDS. I yield.

Mr. ZABLOCKI. Does not that just point up the fact that as long as we have a termination date, there is a tendency to obligate before the termination date is reached?

Mr. RICHARDS. I do not think there is any doubt about it. I think this practice that we have gotten into of having termination dates is bad.

Mr. JUDD. Mr. Speaker, will the gentleman yield?

Mr. RICHARDS. I yield the the gentleman from Minnesota.

Mr. JUDD. I do not think the RECORD should stand as giving the impression that there is \$42 million definitely earmarked in this bill for Yugoslavia, because that is not the case. There is nothing definitely earmarked for any country, in the entire bill except Korea. Second, the figure programed or recommended by FOA for defense support for Yugoslavia is not \$42 million. It is \$36,500,000, as our committee report shows. It would be too bad to have the RECORD contain an erroneous figure which might handicap our own people in negotiating with the country in question.

Mr. RICHARDS. The gentleman is correct as to defense support alone.

Mr. JUDD. The correct figure is \$36.5 million and not \$42 million.

Mr. RICHARDS. That is right; for defense support.

Mr. FULTON. Mr. Speaker, will the gentleman yield?

Mr. RICHARDS. I yield to the gentleman from Pennsylvania.

Mr. FULTON. I want to compliment the conferees because they have retained the cuts that the House made. In explanation to the gentleman from Iowa, the conferees could just keep the cuts when the Senate had a higher amount. I especially want to compliment the conferees in keeping the \$145 million cut sponsored by the gentleman from Ohio [Mr. VORYS].

Mr. RICHARDS. That is correct. That amendment originally came from



the gentleman from Pennsylvania [Mr. FULTON] in the committee.

Mr. FULTON. So that what the conferees have done has saved the lower figure in each case, and they have gone as far as they could on the authorization in this bill.

The question the gentleman from Iowa is raising is a question directed to the appropriation of the particular funds. Of course, when the Senate had put in an amendment in their version, that anything over \$200 million not obligated could be cut off, it was almost an invitation to the Department of Defense to obligate everything over \$200 million. That is just what has happened the last day before June 30.

Mr. RICHARDS. I agree with the statement. If there had not been several estimates made by the executive department, so as to bring about a condition where we did not know where we were, that limitation on carryover might not have been left in the bill.

Mr. FULTON. The conferees did everything they could to maintain the position of the House on the authorization.

Mr. RICHARDS. Yes, we did, and we had to stay within the scope of what a free conference can do. That is, settle the differences between the two Houses.

Mr. PASSMAN. Mr. Speaker, will the gentleman yield?

Mr. RICHARDS. I yield to the gentleman from Louisiana.

Mr. PASSMAN. I might state to the gentleman that notwithstanding the fact you are under the impression they could carry over \$200 million, in the last 24 hours they obligated in excess of \$900 million, and they are carrying over only \$33 million unexpended, a complete violation of law.

Mr. O'KONSKI. Mr. Speaker, will the gentleman yield further?

Mr. RICHARDS. I yield to the gentleman from Wisconsin.

Mr. O'KONSKI. I would like the chairman to answer this question: Why is it considered top secret or classified and put in such a category that you are unable to tell the Members of the House, each of whom represents 300,000 or more taxpayers, just how many planes we are giving to Tito? Why is it considered classified? Certainly the Kremlin knows. Everybody else knows that Yugoslavia under this plan will have the biggest airplane force in the world. Everybody knows it except the Members of Congress who are supposed to appropriate this money.

Mr. RICHARDS. I will tell the gentleman why.

First let me say that the gentleman from Minnesota [Mr. JUDD] in referring to \$36 million does not include all the nonmilitary funds for Yugoslavia. The total program was \$40.6 million.

Mr. JUDD. I said defense support, \$36,500,000. The other \$4 million is for direct forces support.

Mr. RICHARDS. The total program is \$40.6 million. We will not quarrel about the different categories. The reason that we cannot spell out how many planes and what kind of planes and what they would cost in dollars is the same reason for our not telling the world

what we are going to do with our own defense. The situation is the same.

The direct military aid to these countries is just as much a part of the defense of the United States, in the opinion of our committee, as are the authorizations for our own defense establishment. The Defense Department, the Joint Chiefs of Staff, and the President as Commander in Chief of our Armed Forces do not believe that we should tell the world whom we are going to help and how much military help we will give. We try to break it down by areas and by percentages as far as we can.

Mr. GROSS. With Yugoslavia infiltrated as it is with Communists, does not the chairman of the committee feel that the Kremlin, which is really our enemy, knows how many planes we are giving to Yugoslavia?

Mr. RICHARDS. I do not know, but let me point out that the Foreign Affairs Committee does not in one single instance determine whether information is secret or nonsecret. The administration presents this information to us in their programs. Some is classified in such a way that it can go to the public, and other information is restricted and secret in the interest of the security of the United States. That is the reason we are unable to give the gentleman the information he seeks.

Mr. GROSS. I am glad to see so many members of the Foreign Affairs Committee in favor of economy in this bill. We will welcome their support when the appropriation bill comes to the House floor. I would like to ask the gentleman one further question.

Mr. RICHARDS. It will be a pleasure, I assure the gentleman if for once we can find ourselves on the same side with the gentleman.

Mr. GROSS. I will be delighted to welcome the gentleman's assistance on the appropriation bill.

I wonder why the conferees watered down the amendment with respect to colonialism? Is there something sacrosanct about the word?

Mr. RICHARDS. It was not watered down; I think it was strengthened a little. It is just a question of language. The Senate conferees proposed a change in language and added one line. The gentleman knows what the line is.

Mr. GROSS. Yes. I call this to the attention of the gentleman from Massachusetts in asking this question, because the gentleman from Massachusetts introduced quite a strong resolution which was overwhelmingly supported by the House, yet we do not mention colonialism in this bill. This is just a watered down version of the Four Freedoms.

Mr. RICHARDS. I do not think it is a watered down version at all; I think it is a very strong statement and supports the resolution introduced by the gentleman from Massachusetts.

Mr. GROSS. I cannot understand why you do not use the word "colonialism" in this bill.

Mr. RICHARDS. You know, sometimes in conference committees there are disagreements on words, and that is the way the thing happened. I do not

think it means much one way or the other.

Mr. GROSS. I hope the gentleman's statement with respect to gyrations, and so on and so forth, and perhaps mis-handling of funds here is not just a selection of different words.

Mr. RICHARDS. Had I known of the gentleman's objection to leaving out this particular word I certainly would have tried to keep it in.

Mr. GROSS. The gentleman cannot settle for this bill on that basis at all.

Mr. JUDD. The added language does not water down the declaration. It says it is our desire not only to help other peoples "assume an equal station among the free nations of the world," but also to help them in their efforts to "fulfill their responsibilities for self-government or independence." Surely that makes the declaration stronger, not weaker.

Mr. REES of Kansas. Mr. Speaker, I hardly understand why an additional authorization of \$3½ billion is required from the Federal Treasury to provide for what is described as mutual aid to other countries of the world when we have a balance authorized and unexpended of \$8½ billion.

According to statements made on the floor of the House by those who are familiar with the situation, the most that can be expended in any one year to carry out the program outlined by those in charge, is approximately \$4 billion. In other words, we have a balance or backlog of authorized funds but unexpended sufficient to carry out the present program over a period of 2 years. It is my understanding it was planned that these expenditures amounting to \$4 billion a year were to be tapered off or reduced so it would not be necessary to dip into our Federal Treasury as deeply as we have done in the past.

Mr. Speaker, it seems to me this bill should be held by the committee with instructions to look into the situation and find out whether there is really need and justification for spending so much of the American taxpayers' money in other countries of the world. In view of the size of our national debt and the heavy tax burden already laid against our people, I think we could do well by reducing this authorization by at least 50 percent. To do so would certainly not injure the defense program because there are more funds on hand now than can be reasonably spent for that purpose over the next 2 years. The same applies in respect to other requirements under the mutual-aid program.

I certainly do not want to do anything to weaken our efforts to make peace with people of other countries of the world. I think too little of these funds goes to the people. Too much goes to the heads of the governments. Be that as it may, there seems to be a good-sized accumulation of funds on hand right now that is unexpended, and that will not be expended for some time.

When we have a report from the Department of the Treasury stating our country has expended \$50 billion to help foreign countries since the close of World War II, it makes one wonder whether



there is a tapering off place in this program. A detailed report of this expenditure would be helpful.

Mr. RICHARDS. Mr. Speaker, I move the previous question on the adoption of the conference report.

The previous question was ordered.

The SPEAKER. The question is on ordering the previous question.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. GROSS. Mr. Speaker, I object to the vote on the ground that a quorum is not present, and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present. The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 262, nays 120, not voting 52, as follows:

[Roll No. 110]

YEAS—262

Addonizio	Dolliver	Klein
Albert	Donovan	Kluczynski
Allen, Calif.	Dorn, N. Y.	Knutson
Allen, Ill.	Edmondson	Lane
Andresen,	Elliott	Lanham
August H.	Ellsworth	Lankford
Anfuso	Engle	Latham
Arends	Evins	LeCompte
Ashley	Fallon	Lesinski
Aspinall	Fascell	Lipscomb
Auchincloss	Feighan	McConnell
Avery	Fenton	McCormack
Ayres	Fernandez	McDonough
Baker	Fine	McDowell
Baldwin	Fino	McMillan
Bass, N. H.	Flood	Macdonald
Bates	Fogarty	Madden
Baumhart	Foran	Magnuson
Becker	Ford	Mahon
Bennett, Fla.	Forrester	Mailliard
Blatnik	Frazier	Marshall
Boland	Friedel	Martin
Bolling	Fulton	Matthews
Bolton,	Garmatz	Meador
Frances P.	Gary	Metcalf
Bolton,	Gathings	Miller, Calif.
Oliver P.	George	Miller, Md.
Bowler	Gordon	Miller, N. Y.
Boykin	Granahan	Minshall
Boyle	Green, Oreg.	Mollohan
Brooks, Tex.	Gregory	Morano
Brown, Ga.	Griffiths	Morgan
Buckley	Hagen	Moss
Burleson	Hale	Multer
Burnside	Harden	Murray, Ill.
Bush	Hardy	Murray, Tenn.
Byrd	Harris	Natcher
Byrne, Pa.	Hays, Ark.	Norblad
Byrnes, Wis.	Hays, Ohio	O'Brien, Ill.
Canfield	Hayworth	O'Brien, N. Y.
Cannon	Heseltun	O'Hara, Ill.
Carrigg	Hess	O'Neill
Chelf	Hiestand	Osmers
Chenoweth	Hill	Ostertag
Chiperfield	Holmes	Patman
Christopher	Holt	Patterson
Chudoff	Holtzman	Pelly
Clark	Hope	Perkins
Cole	Horan	Pfost
Cooley	Hosmer	Pillion
Cooper	Huddleston	Poage
Corbett	Hyde	Poff
Cramer	Ikard	Powell
Cretella	James	Preston
Cunningham	Jarman	Price
Curtis, Mass.	Jenkins	Priest
Curtis, Mo.	Johnson, Calif.	Prouty
Dague	Johnson, Wis.	Quigley
Davidson	Jones, Ala.	Rabaut
Davis, Ga.	Jones, Mo.	Rains
Dawson, Ill.	Judd	Ray
Dawson, Utah	Karsten	Reuss
Deane	Kean	Rhodes, Ariz.
Delaney	Kearns	Rhodes, Pa.
Denton	Keating	Richards
Derounian	Kelley, Pa.	Riehlman
Devereux	Kelly, N. Y.	Riley
Diggs	Keogh	Rivers
Dixon	Kilday	Roberts
Dodd	King, Calif.	Robson, Ky.
Dollinger	Kirwan	Rodino

Rogers, Colo.  
Rogers, Mass.  
Rooney  
Roosevelt  
Sadlak  
St. George  
Schenck  
Schwengel  
Scott  
Scudder  
Seely-Brown  
Selden  
Shelley  
Sheppard  
Sieminski  
Sisk  
Smith, Miss.  
Spence

Springer  
Steed  
Sullivan  
Taber  
Teague, Calif.  
Thompson, N. J.  
Thompson, Tex.  
Thomson, Wyo.  
Thornberry  
Tollefson  
Trimble  
Tumulty  
Udall  
Vanik  
Vinson  
Vorys  
Vursell  
Wainwright

Westland  
Wickersham  
Widnall  
Wigglesworth  
Williams, N. J.  
Willis  
Wilson, Calif.  
Wilson, Ind.  
Wolcott  
Wolverton  
Wright  
Yates  
Young  
Younger  
Zablocki  
Zelenko

NAYS—120

Abbitt  
Abernethy  
Adair  
Alexander  
Alger  
Andersen,  
H. Carl  
Andrews  
Ashmore  
Bailey  
Barden  
Bass, Tenn.  
Beamer  
Belcher  
Bell  
Bennett, Mich.  
Bentley  
Berry  
Blitch  
Bonner  
Bosch  
Bow  
Bray  
Brooks, La.  
Brown, Ohio  
Brownson  
Budge  
Burdick  
Carlyle  
Cederberg  
Church  
Clevenger  
Colmer  
Coon  
Crumpacker  
Davis, Wis.  
Dondoro  
Dorn, S. C.  
Dowdy  
Fisher  
Flynt

Fountain  
Gavin  
Gentry  
Grant  
Gray  
Gross  
Gwinn  
Haley  
Hand  
Harrison, Nebr.  
Harrison, Va.  
Harvey  
Henderson  
Herlong  
Hoeven  
Hoffman, Mich.  
Hull  
Jennings  
Jensen  
Johansen  
Jonas  
Jones, N. C.  
Kilgore  
King, Pa.  
Knox  
Krueger  
Laird  
Laldrum  
Long  
Love  
McCulloch  
McGregor  
McIntire  
McVey  
Mack, Wash.  
Miller, Nebr.  
Mills  
Moulder  
Nelson  
Nicholson  
Norrell

O'Hara, Minn.  
O'Konski  
Passman  
Phillips  
Reece, Tenn.  
Reed, Ill.  
Rees, Kans.  
Robeson, Va.  
Rogers, Fla.  
Rogers, Tex.  
Rutherford  
Saylor  
Scherer  
Scrivner  
Sheehan  
Short  
Shuford  
Sikes  
Siler  
Simpson, Ill.  
Smith, Kans.  
Smith, Va.  
Smith, Wis.  
Talle  
Thompson, La.  
Thompson, Mich.  
Tuck  
Utt  
Van Pelt  
Van Zandt  
Velve  
Weaver  
Wharton  
Whitten  
Wier  
Williams, Miss.  
Williams, N. Y.  
Winstead  
Withrow

NOT VOTING—52

Barrett  
Betts  
Boggs  
Broyhill  
Buchanan  
Carnahan  
Celler  
Chase  
Chatham  
Coudert  
Davis, Tenn.  
Dempsey  
Dies  
Dingell  
Donohue  
Doyle  
Durham  
Eberharter

Fjare  
Frelinghuysen  
Gamble  
Green, Pa.  
Gubser  
Halleck  
Hébert  
Hillings  
Hinshaw  
Hoffman, Ill.  
Hollifield  
Jackson  
Kearney  
Kee  
Kilburn  
McCarthy  
Machrowicz  
Mack, Ill

Mason  
Morrow  
Morrison  
Mumma  
Philbin  
Pilcher  
Polk  
Radwan  
Reed, N. Y.  
Simpson, Pa.  
Staggers  
Taylor  
Teague, Tex.  
Thomas  
Walter  
Watts

So the conference report was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Coudert for, with Mr. Betts against.  
Mr. Taylor for, with Mr. Durham against.  
Mr. Hébert for, with Mr. Dempsey against.  
Mr. Boggs for, with Mr. Dies against.  
Mr. Polk for, with Mr. Hoffman of Illinois against.

Mr. Morrison for, with Mr. Mason against.  
Mr. Staggers for, with Mr. Chase against.  
Mr. Watts for, with Mr. Fjare against.

Mr. Eberharter for, with Mr. Thomas against.

Until further notice:

Mr. Barrett with Mr. Radwan.

Mr. Green of Pennsylvania with Mr. Reed of New York.

Mrs. Kee with Mr. Broyhill.

Mrs. Buchanan with Mr. Kilburn.

Mr. Chatham with Mr. Simpson of Pennsylvania.

Mr. Dingell with Mr. Halleck.

Mr. Donohue with Mr. Hillings.

Mr. Philbin with Mr. Hinshaw.

Mr. Pilcher with Mr. Gubser.

Mr. Machrowicz with Mr. Mumma.

Mr. Mack of Illinois with Mr. Frelinghuysen.

Mr. Carnahan with Mr. Gamble.

Mr. Dingell with Mr. Merrow.

Mr. Doyle with Mr. Jackson.

Mr. McCarthy with Mr. Kearney.

Mr. GRANT changed his vote from "yea" to "nay."

Mr. HARRISON of Nebraska changed his vote from "yea" to "nay."

Mr. ALGER changed his vote from "yea" to "nay."

The result of the vote was announced as above recorded.

The doors were opened.

A motion to reconsider was laid on the table.

## AMENDING COMMUNICATIONS ACT OF 1934

Mr. DELANEY, from the Committee on Rules, reported the following privileged resolution (H. Res. 300, Rept. No. 1081), which was referred to the House Calendar and ordered to be printed:

*Resolved*, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 5614) to amend the Communications Act of 1934 in regard to protests of grants of instruments of authorization without hearing. After general debate, which shall be confined to the bill, and shall continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Interstate and Foreign Commerce, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

## DOMESTIC MINERALS EXTENSION ACT, 1953

Mr. TRIMBLE, from the Committee on Rules, reported the following privileged resolution (H. Res. 301, Rept. No. 1082), which was referred to the House Calendar and ordered to be printed:

*Resolved*, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 6373) to amend the Domestic Minerals Program Extension Act of 1953 in order to extend the programs to encourage the discovery, development, and production of certain domestic minerals, and all points of order against said bill are hereby waived. After general debate, which shall be confined to the bill and continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Interior and Insular Affairs, the bill shall be read for amend-



ment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

#### GENERAL LEAVE TO EXTEND REMARKS

Mr. RICHARDS. Mr. Speaker, I ask unanimous consent that all Members may have leave to extend their remarks on the conference report just before the rollcall.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

#### FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. Carrell, one of its clerks, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2090) entitled "an act to amend the Mutual Security Act of 1954, and for other purposes."

The message also announced that the Senate agrees to the amendment of the House to a bill of the Senate of the following title:

S. 609. An act to provide rewards for information concerning the illegal introduction into the United States, or the illegal manufacture or acquisition in the United States, of special nuclear material and atomic weapons.

The message also announced that the Senate had passed the following concurrent resolution (S. Con. Res. 46):

*Resolved by the Senate (the House of Representatives concurring), That the Secretary of the Senate be, and he is hereby, authorized and directed, in the enrollment of the bill (S. 804) to amend section 201 (e) of the Career Compensation Act of 1949, as amended, to provide for advance payments of certain pay and allowances of members of the uniformed services, and for other purposes, to make the following changes, viz: On page 1, line 5, and in the first line of the title, respectively, of the engrossed bill, strike out "(e)" and in lieu thereof insert "(d)."*

#### LEGISLATIVE PROGRAM FOR NEXT WEEK

(Mr. MARTIN asked and was given permission to address the House for 1 minute.)

Mr. MARTIN. I take this time, Mr. Speaker, to ask what the program will be for the next week.

Mr. McCORMACK. It is my intention to ask unanimous consent that when the House adjourns today it adjourn to meet on Monday, because the only remaining order of business is a conference report which the gentleman from Georgia [Mr. VINSON] will call up immediately.

Monday, while it is District day, I am informed there are no bills. The mutual security appropriation for 1956

will be considered Monday, and it is hoped that the bill will be disposed of on that day. If, however, it is not, it goes over until Tuesday.

Thereafter, H. R. 5168, the Farm Credit Act of 1955.

The State primary is on in Virginia on Tuesday. If there should be any rollcalls on Tuesday, they will go over until Wednesday.

Wednesday, Thursday, Friday, and Saturday, if a rule is reported out, the minimum-wage bill; H. R. 7089, the servicemen's survivors' benefits; the social security amendments. H. R. 5614, a bill amending the Communications Act of 1934, and H. R. 6373, extension of the Domestic Mineral Program Act. Also, the housing bill if a rule is reported out.

The above bills may not necessarily be called up in the order listed. The usual reservation, that conference reports may be called up at any time.

Any further program will be announced later.

Mr. MARTIN. Does the gentleman intend to ask permission to adjourn over until Monday?

Mr. McCORMACK. Yes. If the gentleman will yield, I will do that now.

Mr. MARTIN. I yield.

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Monday next.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

Mr. GROSS. Mr. Speaker, reserving the right to object, last week the foot-in-the-door universal conscription bill was rushed through the House without a rollcall. I do not know why, in the light of what is now developing, time for that vote could not have been taken the first of this week. That bill may well affect the lives of thousands of young men, perhaps through the years millions of young men, but there was no time for a rollcall. Now if it is proposed to recognize the Thursday-to-Tuesday Club, I will feel constrained to object.

Mr. MARTIN. I may say I do not think the Tuesday-Thursday Club will be operating next week, not if we have any idea of getting through.

Mr. McCORMACK. In further reply to the inquiry of the gentleman from Massachusetts [Mr. MARTIN] with reference to the housing bill is that if a rule is brought out that will be on the program next week also.

In reply to the gentleman from Iowa [Mr. GROSS], it is easy to stand up here and make the statement about Tuesday to Thursday. We all could make statements like that if we wanted to, but the facts do not support such a statement, because when I have a full week's program there are always 2 or 3 or 4 bills that have to be brought up under rules that are more or less controversial, and they have to be considered.

I think it is wise leadership whether on the Democratic side or the Republican side when they have a majority to schedule those bills for Monday. So there is no harm done; we are doing a legislative day's work.

So far as this week is concerned, and the matter of the rollcall, I am not going

to argue with the gentleman from Iowa, but under the rules of the House, rules which have been in existence since constitutional government has existed in this country, if one-fifth of the membership demands a rollcall, it may be had. One-fifth did not stand. I can understand the gentleman's disappointment, and I am not going to argue with him, but the fact is that in accordance with the rules of the House an attempt was made to have a rollcall, and also in accordance with the rules of the House the necessary number of Members did not stand to support the demand for a rollcall. It was all done under the rules of the House.

So far as this week's program is concerned, we have had a very full week. There is no more legislative business this week. That is all I can say to my friend from Iowa.

As to this objection, and I am sure my friend is not going to object, and he has not indicated it, I may say, so that the record will make my position clear, but should objection be made and we met tomorrow, then tomorrow I would move to adjourn and if we met Saturday there would be an immediate motion to adjourn.

If objection is made to going over to Monday that would be the situation, but I do not expect it to be made by my friend the gentleman from Iowa, I will say that; I would gamble on it; if I were a betting man I would even give a little odds on it—and I am not encouraging an objection either.

Mr. GROSS. The point the gentleman from Iowa is making is that there was a terrible rush last Friday afternoon to close up the Congress so those who wanted to could get away for a long weekend. Now we have just heard a statement that if a rollcall should be demanded on Monday of next week it would go over to Tuesday. Why could not a rollcall have gone over from Friday of last week to Tuesday of this week? When it is insisted upon by the leadership a rollcall is put over, and had it been insisted upon it would have put it over until Tuesday. Is not that correct?

Mr. McCORMACK. No.

Mr. HOFFMAN of Michigan. Just sometimes.

Mr. McCORMACK. My friend has stated a fact, but it is not a correct statement of the facts.

The gentleman exercised his right under the rules to demand a rollcall, and the other Members exercised their right under the rules not to sustain the gentleman in that demand. That is all there is to it.

Mr. GROSS. Mr. Speaker, let the record of last week speak for itself. I withdraw my reservation of objection.

Mr. HOFFMAN of Michigan. Mr. Speaker, reserving the right to object to ask a question, I recall a statement the gentleman from Massachusetts made the other day.

Mr. McCORMACK. I had been hopeful that my friend from Michigan and I could get through today in a most pleasant manner.

Mr. HOFFMAN of Michigan. The gentleman hopes what?







Public Law 138 - 84th Congress  
Chapter 301 - 1st Session  
S. 2090

AN ACT

To amend the Mutual Security Act of 1954, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That this Act may be cited as the "Mutual Security Act of 1955". Mutual  
Security  
Act of 1955.

SEC. 2. Title I, chapter 1, of the Mutual Security Act of 1954, which relates to military assistance, is amended as follows:

(a) In section 103 (a), which relates to authorizations, add "(1)" after "(a)", and add the following new paragraph: 68 Stat. 833.  
22 USC 1813.

"(2) In addition, there is hereby authorized to be appropriated to the President to carry out the purposes of this chapter not to exceed \$1,133,000,000, to remain available until expended."

(b) In section 103 (b), after the word "chapter", insert "and of section 124".

(c) Section 103 (c) is hereby repealed, and the following is substituted therefor: 69 Stat. 283.  
69 Stat. 284.

"(c) When appropriations made pursuant to subsection (a) of this section are used to furnish military assistance on terms of repayment within ten years or earlier such assistance may be furnished, notwithstanding sections 105, 141, and 142, to nations eligible to purchase military equipment, materials, and services under section 106."

(d) Amend section 105 (b) (1), which relates to conditions applicable to military assistance, to read as follow: 22 USC 1815.

"(1) The Congress welcomes the recent progress in European cooperation and reaffirms its belief in the necessity of further efforts toward political federation, military integration, and economic unification as a means of building strength, establishing security, and preserving peace in the North Atlantic area. In order to provide further encouragement to such efforts, the Congress believes it essential that this Act should be so administered as to support concrete measures to promote greater political federation, military integration, and economic unification in Europe."

(e) In paragraphs (2) and (3) of section 105 (b), strike out "Near East, Africa, and South Asia" and "the Far East and the Pacific" and insert "Near East and Africa" and "Asia," respectively.

(f) In paragraphs (2) and (3) of section 105 (c), which relates to geographic delivery ceilings, strike out ", Africa, and South Asia" and "the Far East and the Pacific" and insert "and Africa" and "Asia", respectively.

(g) In section 108, which relates to transfer of military equipment to Japan, strike out "1955" and insert "1956". 22 USC 1818.

SEC. 3. Title I, chapter 2, of the Mutual Security Act of 1954, which relates to southeast Asia and the western Pacific, and direct forces support, is amended as follows:

(a) In section 121, which relates to southeast Asia and the western Pacific, strike out the fourth word of the third sentence, "section", and insert "title". 22 USC 1831.

(b) Add after section 123 the following new section:

"SEC. 124. DIRECT FORCES SUPPORT.—There is hereby authorized to be appropriated to the President for the fiscal year 1956 not to exceed \$317,200,000 to provide assistance in the form of direct forces support to be delivered or rendered directly to the military forces of nations eligible for military assistance under chapter 1 of this title. The President may, notwithstanding the provisions of section 501, consolidate all or any part of appropriations made pursuant to this



section with appropriations made pursuant to section 103. Programs authorized by this section may be administered in accordance with the provisions of chapter 1 or chapter 3 of this title."

22 USC 1841.

SEC. 4. Title I, chapter 3, of the Mutual Security Act of 1954, which relates to defense support, is amended by adding to section 131 the following new subsections:

"(c) There is hereby authorized to be appropriated to the President for the fiscal year 1956 to carry out the provisions of this section, not to exceed—

"(1) \$92,000,000 for Europe (excluding Greece and Turkey);

"(2) \$102,500,000 for the Near East (including Greece and Turkey) and Africa; and

"(3) \$827,800,000 for Asia.

69 Stat. 284.

69 Stat. 285.

Marine insurance.

"Funds made available for assistance to Korea from appropriations authorized by this section may be used in accordance with the applicable provisions of section 132 of this Act.

"(d) In providing assistance in the procurement of commodities in the United States, United States dollars shall be made available for marine insurance on such commodities where such insurance is placed on a competitive basis in accordance with normal trade practice prevailing prior to the outbreak of World War II: *Provided*, That in the event a participating country, by statute, decree, rule, or regulation, discriminates against any marine insurance company authorized to do business in any State of the United States, then commodities purchased with funds provided hereunder and destined for such country shall be insured in the United States against marine risk with a company or companies authorized to do a marine insurance business in any State of the United States."

22 USC 1852.

SEC. 5. Title I, chapter 4, of the Mutual Security Act of 1954, which relates to general provisions relating to mutual defense assistance, is amended by changing section 142, which relates to agreements, as follows: After "SEC. 142. AGREEMENTS.—" insert "(a)"; in paragraph 10 strike out the comma and the word "or" where they appear after the phrase "any such assistance", and insert in lieu thereof "and"; strike out the word "and" at the end of paragraph (10) and change the semicolon preceding that word to a period; and change the portion of paragraph (11) preceding subparagraph (i) thereof to read as follows:

"(b) In cases where any commodity is to be furnished on a grant basis under chapter 2 or chapter 3 of title I or under title II of this Act under arrangements which will result in the accrual of proceeds to the recipient nation from the import or sale thereof, such assistance shall not be furnished unless the recipient nation shall have agreed to establish a special account, and—"

SEC. 6. Title II of the Mutual Security Act of 1954, which relates to development assistance, is amended as follows:

22 USC 1871.

(a) (1) In section 201 (a), which relates to authorization, strike out "South Asia" in paragraph 2 and insert "Asia"; before the period in paragraph 3 insert "and to assist in maintaining economic and political stability in the area"; and in lieu of the last sentence insert the following: "Such assistance may be furnished on such terms and conditions as the President may specify and shall emphasize loans rather than grants wherever possible."

(2) Add to section 201 the following new subsection:

"(c) There is hereby authorized to be appropriated to the President for the fiscal year 1956 not to exceed \$73,000,000, \$71,000,000, and

\$38,000,000 to furnish assistance under paragraphs (1), (2), and (3), respectively of subsection (a) of this section."

(b) In section 202 which relates to administration, add at the end thereof the following new sentence: "The authority provided in section 307 may be exercised for purposes of furnishing assistance under section 201." 22 USC 1872.

SEC. 7. Title III of the Mutual Security Act of 1954, which relates to technical cooperation, is amended as follows:

(a) In section 304, which relates to authorization, insert "(a)" before the first sentence and add the following new subsection: 22 USC 1894.

"(b) There is hereby authorized to be appropriated to the President for the fiscal year 1956 not to exceed \$146,500,000 for technical cooperation programs in the Near East and Africa, Asia and Latin America."

(b) In section 306, which relates to multilateral technical cooperation: 22 USC 1896.

(1) Insert the following before the semicolon at the end of paragraph (a): "; in addition, \$24,000,000 for the fiscal year 1956 for contributions to the United Nations Expanded Program of Technical Assistance".

69 Stat. 285.

(2) Insert the following before the period at the end of paragraph (b): "; in addition, \$1,500,000 for the fiscal year 1956 for contributions to the technical cooperation programs of the Organization of American States".

69 Stat. 286.

(c) In section 308, which relates to the International Development Advisory Board, insert ", or at the applicable rate prescribed in the Standardized Government Travel Regulations, as amended from time to time, whichever is higher," after "not to exceed \$10 per diem". 22 USC 1898.

SEC. 8. Title IV of the Mutual Security Act of 1954, which relates to other programs, is amended as follows:

(a) In section 401, which relates to special fund, insert "(a)" before the first sentence; strike out "\$150,000,000" in the first sentence and insert "\$50,000,000, in addition to the funds authorized to be appropriated under subsection (b) hereof,"; in the next to last sentence strike out "section" and insert "Act"; and add the following new subsection at the end thereof: 22 USC 1921.

"(b) There is hereby authorized to be appropriated to the President for the fiscal year 1956 \$100,000,000 for use in accordance with subsection (a) of this section."

(b) In section 402, which relates to the sale of surplus agricultural commodities, strike out "not less than \$350,000,000" and insert in lieu thereof "for the fiscal year 1956, not less than \$300,000,000". 22 USC 1922.

(c) In section 403, which relates to special assistance in joint control areas, insert "(a)" before the first sentence; insert "at the time of the enactment of this Act" in the first sentence after "responsibility"; and add the following new subsection: 22 USC 1923.

"(b) There is hereby authorized to be appropriated to the President for the fiscal year 1956 not to exceed \$21,000,000 to carry out this section."

(d) Amend section 405, which relates to movement of migrants and refugees, as follows: 22 USC 1925.

(1) Change the heading to "MIGRANTS, REFUGEES, AND ESCAPEES".

(2) Amend subsection (c) to read as follows:

"(c) There is hereby authorized to be appropriated for the fiscal year 1956 not to exceed \$1,400,000 for contributions to the United Nations Refugee Fund."

(3) Add the following new subsection:



Escapees.

"(d) There is hereby authorized to be appropriated to the President for the fiscal year 1956 not to exceed \$6,000,000 for continuation of activities, including care, training, and resettlement, which have been undertaken for selected escapees under section 401 of this Act."

22 USC 1926.

(e) In section 406, which relates to children's welfare, insert "(a)" before the first sentence and add the following new subsection:

"(b) There is hereby authorized to be appropriated for the fiscal year 1956 not to exceed \$14,500,000 for contributions to the United Nations Children's Fund."

22 USC 1927.

(f) In section 407, which relates to Palestine refugees in the Near East, insert "(a)" before the first sentence and add the following new subsection:

"(b) There is hereby authorized to be appropriated to the President for the fiscal year 1956 not to exceed \$65,000,000 to be used to make contributions to the United Nations Relief and Works Agency for Palestine Refugees in the Near East."

22 USC 1929.

(g) Amend section 409, which relates to ocean freight charges, as follows:

(1) Insert the following new sentence at the end of subsection (c), which relates to ocean freight charges on shipments by United States voluntary nonprofit relief agencies: "There is hereby authorized to be appropriated to the President for the fiscal year 1956 not to exceed \$2,000,000 to carry out the purposes of this section."

69 Stat. 286.

69 Stat. 287.

(2) Amend subsection (d) to read as follows:

"(d) There is hereby authorized to be appropriated to the President for the fiscal year 1956 not to exceed \$13,000,000 to pay ocean freight charges on shipments of surplus agricultural commodities, including commodities made available pursuant to any Act for the disposal abroad of United States agricultural surpluses. In addition, any funds made available under this Act may be used, in amounts determined by the President, for the purposes of this subsection."

22 USC 1930.

(h) In section 410, which relates to Control Act expenses, insert "and for the fiscal year 1956 not to exceed \$1,175,000," after "\$1,300,000".

22 USC 1931.

(i) (1) Change the title of section 411, which relates to administrative expenses to read "ADMINISTRATIVE AND OTHER EXPENSES".

(2) Amend section 411 (b) to read as follows:

"(b) There is hereby authorized to be appropriated to the President for the fiscal year 1955 not to exceed \$34,700,000, and for the fiscal year 1956 not to exceed \$35,225,000, for all necessary administrative expenses incident to carrying out the provisions of this Act other than chapter 1 of title I and section 124."

(3) Add to section 411 the following new subsection:

"(c) Funds made available for the purposes of this Act may be used for compensation, allowances, and travel of personnel, including Foreign Service personnel whose services are utilized primarily for the purposes of this Act, and without regard to the provisions of any other law, for printing and binding, and for expenditures outside the continental limits of the United States for the procurement of supplies and services and for other administrative and operating purposes (other than compensation of personnel) without regard to such laws and regulations governing the obligation and expenditure of Government funds as may be necessary to accomplish the purposes of this Act."

(j) Add the following new sections:

"SEC. 418. PRESIDENT'S FUND FOR ASIAN ECONOMIC DEVELOPMENT.—

(a) The Congress of the United States reaffirms the policy of the

United States to contribute to international peace and security through assisting the peoples of free Asia in their efforts to attain economic and social well-being, to safeguard basic rights and liberties, and to protect their security and independence. The Congress hereby recognizes that fundamental to these goals is an expanding economic growth of the free Asia area based upon self-help and mutual cooperation and full utilization of already existing resources and knowledge. The Congress expresses the willingness of the people of the United States to support the foregoing objectives to the extent to which the countries in the area continue to make effective use of their own resources and external resources otherwise available to them.

“(b) In order to carry out the purposes of this section, there is hereby authorized to be established a fund, to be known as the ‘President’s Fund for Asian Economic Development’ (hereinafter referred to as ‘the Fund’), and there is hereby authorized to be appropriated to the President for the Fund an amount of \$200,000,000, such amount to remain available until June 30, 1958.

“(c) The President is authorized to utilize the appropriations made available for the Fund to accomplish in the free Asian area the policies and purposes declared in this Act and to disburse them on such terms and conditions, including transfer of funds, as he may specify to any person, corporation, or other body of persons however designated, or to any friendly foreign government, agency, or organization or group of friendly governments or agencies as may be appropriate: *Provided, however,* That such assistance shall emphasize loans rather than grants wherever possible, and not less than 50 per centum of the funds appropriated pursuant to this section shall be available only for furnishing assistance on terms of repayment in accordance with the provisions of section 505, and not more than 25 per centum of said funds may be allocated for assistance to any one nation. 69 Stat. 287.  
69 Stat. 288.

“(d) In utilizing the Fund the President shall give preference to projects or programs that will clearly contribute to promoting greater economic strength in the area as a whole or among a group or groups of countries of the area.

“SEC. 419. WORLD HEALTH ORGANIZATION.—Section 3 (a) of Public Law 643, Eightieth Congress, approved June 14, 1948, as amended, is hereby amended to read as follows: 62 Stat. 441.  
22 USC 290b.

“(a) such sums as may be necessary for the payment by the United States of its share of the expenses of the Organization as apportioned by the Health Assembly in accordance with article 56 of the constitution of the Organization, except that payments by the United States for any fiscal year of the Organization after 1958 shall not exceed 33½ per centum of the total assessments of active members of the Organization for such fiscal year; and’.”

SEC. 9. Title V, chapter 1, of the Mutual Security Act of 1954, which relates to general provisions, is amended as follows:

(a) In section 502, which relates to use of foreign currency, in subsection (b) after the word “amended,” insert the words “and to the Joint Committee on Atomic Energy and the Joint Committee on the Economic Report,”; and in the proviso after the word “Senate” the second time such word occurs, insert the words “or a joint committee of the Congress”. 22 USC 1754.

(b) In section 503, subsection (b) is hereby repealed and subsection (c) is redesignated as “(b)”. 22 USC 1755.

(c) (1) Change the heading of section 505 to “LOAN ASSISTANCE AND SALES”. 22 USC 1757.



(2) Amend section 505 (a) by inserting before the period at the end thereof the following: "and shall emphasize loans rather than grants wherever possible".

(3) Add the following sentence at the end of subsection (a) of section 505: "Whenever commodities or services are sold for foreign currencies the President, notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, may use or enter into arrangements with friendly nations or organizations of nations to use such currencies for the purposes for which the funds providing the commodities or services which generated the currencies were appropriated."

(d) In section 509, which relates to shipping on United States vessels, add the following sentence at the end thereof: "The ocean transportation between foreign countries of commodities, materials, and equipment procured out of local currency funds made available or derived from funds made available under this Act shall not be governed by the provisions of section 901 (b) of the Merchant Marine Act of 1936, or any other law relating to the ocean transportation of commodities, materials, and equipment on United States flag vessels."

SEC. 10. Title V, chapter 2, of the Mutual Security Act of 1954, which relates to organization and administration, is amended as follows:

(a) In section 524 (a), amend subparagraph (3) to read as follows: "(3) the supervision of end-item use by the recipient countries;"

(b) In the second sentence of section 525, which relates to the Foreign Operations Administration, after "Foreign Operations Administration" insert "(including any function, office or entity thereof transferred to any other agency)"; and insert, before the period at the end of said second sentence, the following: "Provided, That such authority conferred by this sentence shall be exercised in accordance with applicable laws and regulations relating to the Civil Service and Veterans' Preference".

(c) Add at the end of section 526, which relates to missions and staffs abroad, the following new sentence: "If a Foreign Service Officer shall be appointed by the President to a position under this section, the period of his service in such capacity shall be considered as constituting an assignment for duty within the meaning of section 571 of the Foreign Service Act of 1946, as amended, and such person shall not, by virtue of his acceptance of such an assignment, lose his status as a Foreign Service Officer."

(d) In section 530 (a), which relates to experts and consultants or organizations thereof, insert "or at the applicable rate prescribed in the Standardized Government Travel Regulations, as amended from time to time, whichever is higher," after "at a rate not to exceed \$10".

(e) In section 534, which relates to reports, strike out "sections 504 and 413 (b)" in the last sentence and insert "sections 504, 413 (b), and 418".

SEC. 11. Title V, chapter 3, of the Mutual Security Act of 1954, which relates to repeal and miscellaneous provisions, is amended by adding after section 547, the following new sections:

"SEC. 548. UNEXPENDED BALANCES.—Unexpended balances of funds heretofore made available under authority of this Act are hereby authorized to be continued available for the general purposes for which appropriated, and may be consolidated with appropriations made available beginning in fiscal year 1956 for the same general purposes under the authority of this Act: *Provided, however,* That unexpended balances in excess of \$200,000,000 not obligated by June

66 Stat. 662.

22 USC 1761.

68 Stat. 832.  
46 USC 1241.

22 USC 1784.

22 USC 1785.

69 Stat. 288.  
69 Stat. 289.

22 USC 1786.

Ante, p. 25.

22 USC 1790.

22 USC 1794.

68 Stat. 864.

30, 1955, in accordance with the provisions of section 1311 of the Supplemental Appropriation Act, 1955 (Public Law 663, Eighty-third Congress), or reserved in accordance with the provisions of section 110 of the Mutual Security Appropriation Act, 1955 (Public Law 778, Eighty-third Congress), are not authorized to be continued available after such date.

68 Stat. 830.  
31 USC 200.  
68 Stat. 1224.  
22 USC 1819.

"SEC. 549. (a) STATEMENT OF CONGRESSIONAL POLICY.—It is the sense of the Congress that inasmuch as—

"(1) the United States, through mutual security programs, has made substantial contributions to the economic recovery and rehabilitation of the nations of western Europe;

"(2) due in part to those programs, it has been possible for such nations to achieve complete economic recovery and to regain their military strength; and

"(3) certain other friendly nations of the world remain in need of assistance in order that they may defend themselves against aggression and contribute to the security of the free world,

those nations that have been assisted in their recovery should, in the future, share with the United States to a greater extent the financial burden of providing aid to those countries which are still in need of assistance of the type provided under this Act.

"(b) It is the sense of the Congress that assistance under this Act shall be administered so as to assist other peoples in their efforts to achieve self-government or independence under circumstances which will enable them to assume an equal station among the free nations of the world and to fulfill their responsibilities for self-government or independence."

69 Stat. 289.  
69 Stat. 290.

SEC. 12. It is hereby declared to be the continuing sense of the Congress that the Communist regime in China has not demonstrated its willingness to fulfill the obligations contained in the Charter of the United Nations and should not be recognized to represent China in the United Nations.

Approved July 8, 1955.



